EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No. 30,802 ★★★ Weekend March 25/March 26 1989 D 8523A

WORLD NEWS

Beirut rocked by artillery

Shells pounded Beirut and nearby villages yesterday as Syrian-backed Moslem forces fought soldiers loyal to Christian army commander Major-General Michel Aoun.

The artillery battles broke out after the Major-General, who heads a Christian cabinet contesting power with a Syrian-backed administration, vowed he would drive the Syrian army out of Lebanon even if it meant the destruction of Beirut.

Checks delay air travel

Tougher airport security checks brought serious delays for many British holiday-makers leaving London's Heathrow Airport. Page 4

Key Gorbachev speech

Mikhail Gorbachev will deliver a key speech on world affairs at Guildhall in the City when he visits Britain next month. Shortly before his UK visit, the Soviet leader will meet Irish Prime Minister Charles Haughey.

Early call for Reagan

Lawyers for former White House aide Oliver North asked the Iran-Contra trial judge to order former President Reagan to testify for the defence next Friday.

North Sea blaze probed

An investigation was under way into the cause of Thursday night's explosion and fire aboard the North Sea oil platform Brae B, north-east of Aberdeen. No one was hurt but production was halted.

Howe visit shortened

Sir Geoffrey Howe's visit to Pakistan next week has been shortened because of security worries following the Salman Rushdie affair.

'Overstress killed MP'

Labour MP Robert McTaggart, aged 43, who collapsed and died on the London Underground on Thursday, was "murdered by the crazy system of the House of Commons," said colleague Ron Brown.

Ulster talks call

Northern Ireland Secretary Tom King was urged to convene a meeting of the province's politicians to discuss the security situation.

Strike hits Shorts

Workers at Belfast aerospace group Short Brothers staged a one-day strike over pay.

End of work at pits

Miners worked their last shifts at two South Wales collieries, Cynheidre near Llanelli and Marine at Cwm. The pits had been declared uneconomic.

Alton Towers rescue

Ten people were rescued when a Skyride gondola became tangled in power lines in strong winds at Alton Towers Leisure Park, Staffordshire.

Delay over Piper Alpha

Bad weather delayed plans for a controlled explosion to topple the remains of the Piper Alpha oil platform, wrecked last July with the loss of 167 lives.

Italian hygiene purge

Health inspectors have closed more than 60 Roman bars and restaurants in a blitz on hygiene. They said hygiene in most places they had checked was "disastrous."

Exxon tanker aground

Exxon Valdez, a fully-laden US supertanker, ran aground in the Gulf of Alaska, spilling at least 150,000 barrels of oil. It was manoeuvring through heavy ice when it hit a reef.

Unrest in Kosovo

Thousands of ethnic Albanians in the southern Yugoslav province of Kosovo clashed with police in defiance of warnings that further unrest would be crushed. Page 22

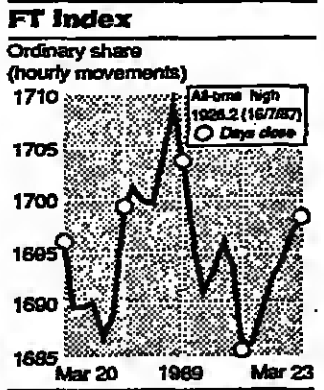
BUSINESS SUMMARY

Tate & Lyle plans buy-out of subsidiary

TATE & LYLE, UK-based sweeteners group, plans to buy out the 49.9 per cent minority in Redpath Industries, its Canadian subsidiary, and to sell the company's North American motor components and building products businesses. Page 22 and Lex Page 22

FT ORDINARY Index fell 7.1 points to 1,698.4 in the holiday-shortened week, depressed by worries about US inflation. London Stock Market, Page 15; Highlights, Weekend Section, Page II

FT Index



SUNTORY, Japanese drinks group, has won permission from the French Government to take over the Louis Royer Cognac house, after a two-year delay. Page 22

POLAROID, US instant photography group, won its eight-month fight against a $3.2bn takeover offer from Shamrock Holdings, investment vehicle of Roy Disney, California businessman. Page 10

JOHN LAING, construction group, reported an advance in pre-tax profits of 49 per cent from £45.7m to £68.1m in 1988. Page 8

CENTRAL Independent Television, IBA contractor for the Midlands, announced pre-tax profits of £26.5m for 1988, an increase of 13 per cent on the previous year. Page 8

SHARP & LAW, USM-quoted shopfitting group, has been forced to restate its 1987 pre-tax profits as £410,000 instead of the £1.21m earlier reported. It also announced 1988 profits of just £1.06m. Page 8

MID KENT Water Company has won the support of two large French shareholders to set up a public limited company by altering the terms of the restructuring postponed two weeks ago. Page 8

THOMSON CSF, French state-controlled defence and electronics group, has reported a 14 per cent rise in consolidated net profits to FFr2.97bn (£273m) last year. Page 10

BESTWOOD, property and industrial holdings company, announced a sharp profits recovery to £2.6m for 1988 following a pre-tax loss of £378,000 in 1987. Page 8; Lex, Page 22

MECHANICAL engineering sector, one of the UK's most consistent balance of payment earners in manufactured goods, looks likely to slide into deficit this year for the first time in many years. Page 4

COURTAULDS, chemicals and textiles group, is to make nearly 400 redundant at three clothing companies in the east Midlands. Page 3

MERSEY Docks and Harbour Company has been given outline planning permission for its £200m redevelopment of the Princes Dock area, near Liverpool's Pier Head. Page 3

MUSTANG RANCH, which claims to be the world's largest legal brothel, is floating £23.3m of stock on the US over-the-counter market. Page 10

BRITISH Summer Time begins at 1am tomorrow when clocks move forward one hour.

Yeltsin seems assured of landslide victory in Moscow elections

By Quentin Peel and James Blitz in Moscow

MR BORIS YELTSIN, the radical reformer sacked from the Kremlin leadership just over a year ago, looks certain to have a landslide victory in Moscow as part of the first multi-candidate election in the Soviet Union.

In the rebellione Baltic repnblics of Estonia, Latvia and Lithuania, the resurgent nationalist movements are expected to win a big majority of the seats for the candidates they have endorsed – possibly at the expense of at least one Communist Party leader.

Rallies are to be held today in Moscow in support of Mr Yeltsin, and in the Baltic republics, where the Latvian Popular Front is expecting 60,000 supporters to mark the 40th anniversary of the largest mass deportation carried out nnder the rule of Joseph Stalin.

In the Soviet capital, Mr Yeltsin, the disgraced former leader of the Moscow city Communist Party, has picked up increasing popular snpport since the party central committee announced an inquiry into his election statements.

Unofficial polls and factory gate interviews have indicated overwhelming backing among Moscow's 6.5m electorate. A poll by Soviet journalists was reported by Reuters news agency yesterday to give a 17-to-1 margin to the rebel Communist over his rival, Mr Yevgeny Brakov, director of the Zil car factory.

Mr Yeltsin's support appears to come not just from reformist intelligentsia and young people but also from the Communist Party's main constituency – the city's industrial workforce.

His supporters have called a rally today in the Lenin stadium on the hanks of the Moscow river, and are waiting to see if Mossoviet, the city council, will attempt to ban this final rally as they have previous demonstrations.

Twice this week several thousand supporters defied official bans to meet in the city centre and denounce attempts to stifle the Yeltsin campaign.

A key part of the Communist Party criticism of Mr Yeltsin has been aimed at his call for a referendum on introducing a multi-party system – although in the final days of the campaign other candidates have gone even further.

The Baltic repnblics' demands for autonomy from Moscow will be underlined tomorrow when they decline to put forward the clocks to keep time with the Soviet capital.

In all three republics, the nationalist movements – Popular Froots in Estonia and Latvia, and the Sajudis group in *Lithuania – have publicly* endorsed lists of candidates, including both Communist and non-Communist members.

In Estonia, the Popular Front has had to urge its supporters to back the three principal Communist Party leaders "at this time," for fear that their defeat would provoke a backlash from Russian immigrants and Moscow itself. A similar fear prompted Sajudis leaders to withdraw from opposing the party leaders in Lithuania.

Another key test of the nationalist revival in the Soviet Union will be the strength of an attempted boycott of the poll in Armenia, where supporters of the Karabakh movement, whose leaders are in detention for alleged incitement, have called for voters to stay away.

Soviet elections, Page 2; Editorial Comment, Page 6

Congress agrees to $45m aid package for Contras

By Lionel Barber in Washington

PRESIDENT BUSH yesterday announced agreement with Congress on a bipartisan policy towards Central America, including a package of about $45m (£26m) in aid for the Nicaraguan Contra guerrillas.

The accord marks the first success for Mr Bush's efforts to forge co-operation in foreign policy between the new Republican administration and the Democratic majority in Congress. It also represents a rare agreement across party lines on Nicaragua, an issue which has divided the executive and legislative branches for eight years.

Under the deal, Congress will provide $4.5m a month of humanitarian aid from May until February 1990 when the leftist Sandinista government in Nicaragua has tentatively scheduled elections. The idea is to use the US-backed rebels as leverage to ensure the Sandinistas fulfil their promises of democratisation made in several regional accords with other Central American leaders.

President Bush said at a White House press conference yesterday that the accord with Congress marked agreement "on an extremely important foreign policy issue". Senator George Mitchell of Maine, the Democratic Senate majority leader, said the accord providing new non-lethal aid for the Contras did not violate previous regional accords between Central American leaders.

The agreement is the result of exhaustive consultation between Mr James Baker, US Secretary of State, and Democratic leaders in the House and Senate. Mr Baker's high esteem on Capitol Hill proved a decisive factor, as did the weak political standing of Mr James Wright, House Speaker and a vehement opponent of Contra aid, who has been plagued by an ethics scandal.

An important Administration concession, however, provides for Congressional review of the aid package in November by the foreign relations and appropriations committees. Assistance cannot continue without written approval of the two committees, an important extension of Congressional prerogative in foreign policy making.

Earlier Mr Bush, in an interview with the Washington Times, said he hoped to make "dramatic progress" with the Soviet leader Mr Gorbachev in reducing Moscow's support for the Sandinista regime which he estimated at $500m a year. He did not specify how he would do this, but Mr Baker is due to meet his Soviet counterpart Mr Eduard Shevardnadze in May and a snperpower summit date could be fixed then.

Congress cut off the supply of weapons to the Contras in February 1988 bnt, after a delay, renewed aid for clothing, medicine and food in six-monthly instalments. The current batch runs out at the end of this month.

Minorco tries to save bid with aid of US ruling

By Clay Harris

MINORCO, the South African-controlled investment company, was yesterday trying to salvage its bid for Consolidated Gold Fields with the aid of a ruling from Washington that the proposed takeover did not threaten US national security.

The decision late on Thursday by the Committee on Foreign Investment that the bid did not justify a review under new US trade legislation means that Minorco's £3.2bn offer for the UK-based mining and construction materials group has now cleared all regulatory hurdles in Britain, the US, the European Community and South Africa.

The ruling is likely to play a key role in Minorco's effort to overturn or modify a US federal appeals court judgment earlier this week which appeared to have struck a mortal blow to the takeover bid. The court upheld an injunction forbidding Minorco from buying Gold Fields shares.

Minorco, a Luxembourg-based company controlled by the Anglo American/De Beers mining empire, has made its bid conditional on a satisfactory conclusion to the US legal battle.

It is now likely to ask the Takeover Panel, the UK body which oversees the conduct of bid battles, to allow an extension of its offer beyond the April 26 deadline.

This would be fiercely opposed by Gold Fields and, taking account of the indefinite delay which could be involved in resolving the US litigation, is considered unlikely.

The London stock market took this view on Thursday as Gold Fields shares dropped by 163p to £12.50, exactly 150p below the value of Minorco's cash-and-shares offer.

The latest US government ruling, rejecting Gold Fields' contention that a takeover would threaten US access to certain strategic minerals, does not have a direct bearing on the court case. However, Minorco's lawyers are expected to stress this clearance, and the earlier approval on anti-trust grounds by the Federal Trade Commission, in seeking to get the judgment of the US Court of Appeals in New York overturned.

The appeals court ruled on Wednesday that the proposed takeover was subject to US anti-trust and securities laws. It rejected Minorco's contention that US courts should refrain from interfering in a bid involving two foreign companies.

Unlike Britain's Monopolies and Mergers Commission, which unanimously cleared Minorco to renew its pursuit of Gold Fields, the US court also found that a combination of the two companies would be likely to dominate the world gold market.

Minorco has said it would retain Gold Fields' two wholly owned US subsidiaries, the construction aggregates company ARC USA and Gold Fields Mining Corporation, one of the country's leading gold producers.

However, it would sell the UK group's 49 per cent stake in Newmont Mining, through which Gold Fields also has an effective 44 per cent interest in Newmont Gold, and minority interests in the Gold Fields of South Africa group and Australian-based Renison Goldfields Consolidated.

Under the UK Takeover Code, a bidder usually has only 60 days after publication of its offer document, to declare a bid unconditional.

There is believed to be no precedent for an extension against the wishes of one of the parties in a contested bid. In friendly mergers, the panel has occasionally extended the offer period by up to a week to allow a legal hurdle to be overcome.

Continued on Page 22

Lex, Page 22

THE FINANCIAL TIMES

The Financial Times is moving. From Monday our address will be: Number One, Southwark Bridge, London SE1 9HL. Our telephone number will be 01-873 3000. Editorial fax numbers are 01-407 5700, 01-873 3076 and, for Company News, 01-873 3074. The Telex number is 922186.

The Financial Times will not be published on Easter Monday.

UK might help S Africa system

By Michael Holman, Africa Editor

THE PROSPECT of a democratic South Africa based on universal adult franchise and a federal system which would make provision for "cultural differences" is raised today by Mrs Margaret Thatcher.

If requested by the "countries of the region," Britain was prepared to help in the drawing up of a new South African constitution. But the Prime Minister, speaking in a BBC World Service interview, makes clear her view that constitutional negotiations could only begin if Mr Nelson Mandela were released and the African National Congress forswore violence.

Although Mrs Thatcher stressed that it was up to South Africans to choose their system of government, the interview reveals the Prime Minister's views. These may reflect the thinking of at least some South African ministers, including Mr Pik Botha, Foreign Minister, who saw her recently. The critical phrase, however, is "cultural differences." In the political vocabulary of South Africa these words are often used as a euphemism which covers racially segregated residential areas and social services.

Mrs Thatcher, who starts a six-day visit to Africa on Monday, spoke optimistically about developments in South Africa itself and in Namibia: "It's as if a new world is waiting to be born."

She repeated her refusal to visit South Africa until Mr Nelson Mandela, the detained ANC leader, is released and had the "freedom to put his own views."

"I think that there are chances of things improving enormously . . . once Mr Mandela is released, then I think it opens the way for negotiations to start."

Such negotiations would include other leaders of black South Africans, such as Chief Mangosuthu Buthelezi "head of the Zulus" and Chief Mabuza "of the South African Swazis": "Obviously they are not a homogenous people any more than we are in Europe."

But Mrs Thatcher stressed that there should be "a forswearing of violence," adding that she herself would not talk to ANC leaders "until they have called a halt to violence."

The Prime Minister said Mr Botha had left her with the impression that Mr Mandela's release was "on the agenda." President P W Botha had set South Africa "on the path to reform." Although the country's leadership struggle might create a "timing factor," the Government's path "is set on getting rid of apartheid."

Mrs Thatcher denied reports that she might be trying to initiate a southern Africa conference to tackle the region's problems. But if the countries of the region asked for help from Britain to organise such a gathering or help draw up a new constitution, "it is there."

"I think you'll have to have one person one vote," said the Prime Minister, but added: "That does not necessarily mean in a unitary state."

W German union deal, Page 2

Weekend FT

FAREWELL TO THE CITY

The Financial Times this weekend leaves the City of London after 100 years, 30 of them in Bracken House. David Kynaston reflects on a century of momentous change

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Finance

The prospects for BES investors after the closing of the close company tax relief loophole

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The sport of flings: investing in racehorses

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Budget implications for savers

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Motoring

The world's most expensive estate car: the new Mercedes 300TE 4-Matic

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Gardening

Easter in the garden

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A disunited church

Kevin Rafferty considers the state of religion in the UK

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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime:	New York lunchtime:	FT-SE 100:
$1.7195	DM1.87375	2,057.0 (+8.4)
London:	FFr6.34	FT Ordinary:
$1.721 (1.7225)	SFr1.6275	1,698.4 (+7.9)
DM3.22 (same)	Y131.475	FT-A All Share:
FFr225.75 (same)	London:	1,088.68 (+3.82)
SFr2.7975 (2.795)	DM1.8715 (1.869)	FT-A long gilt yield index high coupon:
Y10.8975 (10.9125)	FFr6.3325 (6.3335)	N/A
£ index 96.5 (96.6)	SFr1.626 (1.6225)	FT-A World Index:
GOLD	Y1.3125 (131.10)	139.62 (+0.1%)
New York: Comex Apr	$ index 67.9 (68)	New York:
$3.984 (395.1)	Tokyo close:	DJ Ind. Av.
London:	US CLOSING RATES	2,243.04 (-20.17)
$385.5 (384.25)	Fed Funds 9 7/8% (9 15/16)	Tokyo: Nikkei
N SEA OIL (Argus)	3-mo Treasury Bills:	31,568.52 (-20.14)
Brent 15-day May	yield: 9.346% (N/A)	LONDON MONEY
$18.70 (18.35)	Long Bond:	3-month interbank:
Chief price changes yesterday: Page 22	98 1/2% (96 1/2)	closing 13 5/32% (13 1/4)
	yield: 9.216% (9.22)	

FIGURES FOR LONDON MARKETS, NYSE AND NY GOLD ARE FOR THURSDAY

SELLING PRICE IN IRELAND 60p, IN MALTA 40c

CONTENTS

Recruit scandal moves nearer to Nakasone

By Ian Rodger in Tokyo

THE INVESTIGATION into the Recruit political finance scandal moved a step closer to Japan's leading politicians yesterday, as officials from the Tokyo District Public Prosecutor's Office interviewed aides of Mr Yasuhiro Nakasone, the former Prime Minister, and other political leaders about their purchases of Recruit Cosmos shares two years ago.

Analysts said the investigators were likely to begin questioning some of the implicated politicians themselves in the next few days.

In September 1986, 17 top politicians, or their aides or relatives, were offered shares of Recruit Cosmos, the Recruit group's real estate subsidiary, at bargain prices, before the subsidiary's flotation on the over-the-counter stock market.

The shares rose sharply in value after the flotation and the recipients then made big profits by selling them.

The prosecutors want to clarify the circumstances under which the shares were offered and, in particular, to find out whether any specific favours were sought in return. In other cases involving offers of pre-flotation Recruit Cosmos shares, the prosecutors have considered them equivalent to cash gifts.

In the case of shares offered to officials of Nippon Telegraph and Telephone, the giant telecommunications utility with whose help Recruit tried to break into the telecommunications business, they have already indicted Mr Hiromasa Ezoe, former Recruit chairman, and other Recruit officials, on charges of offering bribes.

They have also charged Mr Hisashi Shinto, former chairman of NTT, and NTT officials who received Recruit Cosmos shares, with receiving bribes.

According to several reports in Tokyo, among those questioned by prosecutors yesterday were Mr Yoshihiko Kamiwada, one of three aides to Mr Nakasone who purchased Recruit Cosmos shares, and Mr Iwai Aoki, a former secretary of Mr Noboru Takeshita, the Prime Minister.

● Mr Shintaro Abe, secretary-general of the ruling Liberal Democratic Party (LDP), has suggested that Mr Nakasone explain further his role in the Recruit scandal.

Mr Nakasone denied any involvement in the scandal, at a news conference last month, but opposition politicians were not satisfied with his explanations.

They have since demanded that he be summoned to Parliament to submit to their questioning, and are blocking proceedings until the LDP agrees.

W German union deal on S Africa workers

By David Goodhart in Bonn

THE West German trade union I G Metall has signed a breakthrough agreement with the three main German car makers operating in South Africa – BMW, Volkswagen and Daimler-Benz – which provides rights for black South African workers broadly similar to those enjoyed by the companies' German employees.

I G Metall claims the agreement sets a double precedent both in improving working conditions in South Africa and in controlling the behaviour of multinationals outside their country of origin. Some officials hope for similar agreements on harmonising rights and working conditions across the European Community to prevent companies exploiting weaker trade unions in southern Europe after 1992.

The 14-point South African agreement drawn up after consultations with the black union, Numsa, protects workers from the sack and eviction from company homes if they go on strike, allows picketing, recognises shop stewards and allows union meetings on company premises and in company time.

Some of these points were already accepted in practice by the German car companies and other foreign employers, but Daimler-Benz has sacked workers during disputes and, I G Metall says, it is important to have the new rights more formally established.

The agreement is more radical and carries more authority than the two voluntary codes on the behaviour of multinationals in South Africa: the EC code and the US Sullivan Code. I G Metall has also said it is prepared to take supportive action in Germany if the agreement is breached. There is a direct telex link between the Volkswagen works council in Germany and the main union office in South Africa.

Mr Denis MacShane of the International Metalworkers Federation in Geneva described the agreement, which covers about 14,000 black workers, as "a remarkable precedent" which will be an embarrassing pressure on other foreign companies, especially British.

However, I G Metall has not succeeded in concluding similar agreements with Siemens and Bosch, the German electronics groups. The union is stronger in the car industry than in electronics.

Mitterrand expected to meet Arafat

PRESIDENT François Mitterrand of France is almost certain to meet Mr Yassir Arafat, the Palestine Liberation Organisation leader, in Cairo early next month, a senior Palestinian official said yesterday, Reuter reports from Paris.

The president's office said nothing had been arranged yet, although France had accepted the principle of the first official talks between the two men.

Mr Abu Iyad, deputy leader of Mr Arafat's Fatah organisation, told Radio France Internationale in an Arabic-language interview that the Cairo meeting was "almost definite".

In a French translation provided by the radio station, he said Egyptian President Hosni Mubarak and Jordan's King Hussein might join the talks after the two men held a private meeting.

The European Community has launched an initiative to reach a settlement on the Middle East, and the French, Spanish and Greek foreign ministers have met most leaders of countries involved in the conflict in the last two months.

France is scheduled to take the presidency of the Community in July, and Mr Mitterrand is reported to be keen on stepping up efforts to hold an international Middle East peace conference.

Mr Yitzhak Shamir, the Israeli Prime Minister, appealed to Mr Mitterrand in Paris last month not to meet the PLO leader, saying it would give Mr Arafat and the PLO a diplomatic boost.

● Mr Shamir said yesterday his country could not coexist with a Palestinian state.

He said in a US television interview that Mr Arafat's "minimum demand" was for a Palestinian state.

"For us it's a question of life, of existence," he said. "The State of Israel will not be able to exist together with a Palestinian state here in this small country."

Fahd visit will heal Arab wounds

Tony Walker looks behind the Saudi ruler's planned trip to Cairo

WHEN King Fahd of Saudi Arabia arrives in Cairo in the next few days at the start of a long-delayed visit, more than the usual symbolism will be attached to this highly significant diplomatic event.

It is exactly 10 years ago this weekend that Egypt and Israel signed their peace treaty, prompting Saudi Arabia and most Arab states to sever connections with Cairo in protest.

Inevitably, King Fahd's planned visit – the Egyptian press has announced that he will be in Cairo from March 27 for four days – will be regarded as an emphatic sign that the Saudis wish to close the chapter on that controversial episode.

The eyes of the Arab world will be on Cairo next week. Every statement, every nuance will be scrutinised. The affirmation, at the highest level, of the normalisation of relations after a long estrangement between the wealthiest Arab country and the most populous is an event scarcely less important than the convening of a full-scale Arab summit.

Saudi Arabia, along with most other Arab states – the exceptions are Syria, Libya and Lebanon – re-established diplomatic relations with Cairo after a November 1987 emergency Arab summit in Amman; but true to its reputation for cautious diplomacy Riyadh has moved slowly to build on the restoration of its formal Egypt link.

King Fahd's visit means the Saudis wish to shift their relationship with Egypt on to a higher plane, at a moment when the Arab world is engaged in a reassessment of various options available to it at the beginning of a new US administration, and following the winding down of the Gulf war.

King Fahd's talks with President Hosni Mubarak, just days before the Egyptian leader goes to Washington for a meeting with President George Bush, will add weight to the Mubarak message that the US should engage more vigorously in the search for a solution to the Middle East dispute.

The Saudi monarch's presence in Cairo will have implications for inter-Arab relations. It will help to strengthen an emerging moderate axis involving Egypt, Jordan, Iraq and the Gulf states, and will serve further to emphasise Syrian isolation. The Fahd visit, in some respects, puts the imprimatur on Egypt's return to the Arab mainstream.

All this will have a price for the Saudis. Egypt desperately needs financial assistance to help it cope with its crushing debt burden of \$44bn (£25bn). It is assumed in Cairo that King Fahd would not be visiting unless he was prepared to offer substantial assistance beyond the emergency relief the Saudis have provided in the past few years.

It has also not been overlooked in Cairo that Saudi Arabia has a seat on the IMF board. Egypt is engaged in difficult negotiations with the IMF on a new reform package that would clear the way for a second rescheduling of part of its foreign debt. The Egyptians have been appealing for a lenient IMF programme.

The Egyptians hope that as a consequence of the Fahd visit, Saudi businessmen will be encouraged to add to their \$3bn already invested in the country. Egypt is trying to interest the Saudis in agricultural projects, especially in land reclamation, which requires heavy investment.

Another important economic issue is that of the frozen Saudi investment in the Arab Organisation of Industry (AOI), a defence conglomerate that was established in 1974 with capital of \$1.04bn to compete with the Israeli arms industry. Saudi Arabia and the other partners – Qatar and the United Arab Emirates – withdrew in 1979 after Egypt's peace with Israel.

This left \$700m in capital frozen in blocked European bank accounts, where it has been gathering interest for 10 years. Egypt has been trying to persuade the Saudis and its other former partners to unlock the funds so the money could be used to help re-vitalise the AOI.

This will almost certainly be one of the important issues discussed during the Fahd visit. These discussions may lead to a restructuring of the AOI, and possibly the introduction of new shareholders such as Kuwait. But it is thought unlikely that it will re-emerge in its previous form of an equal partnership of four shareholders, all of whom were involved in its day-to-day management of the enterprise.

The AOI was bedevilled almost from day one by management disputes and lack of clear direction because of the unwieldy structure. Egypt wants a new, more streamlined operation. One possibility is for Egypt to assume management responsibility, as the factories are located on its soil. Egyptian managers would answer to a board representing the shareholders.

US to ease computer export controls

By Nancy Dunne in Washington

THE US Commerce Department has announced that it is implementing an agreement reached with its allies which allows for a moderate easing of export controls on personal computers and other technology sold to Communist bloc nations.

The new rules, written to comply with an agreement within the Co-ordinating Committee on Multilateral Export Controls (Cocom), raise the performance level of personal computers to be exported from the level of the IBM PCXT to that of the more powerful IBM PCAT.

The regulations also ease controls for telecommunication transmission equipment. Dr Paul Freedenburg, the Commerce Department Under Secretary, said he hoped the changes would allow the US to pick up a share of the Chinese market. China is expected to spend \$5bn-\$10bn on telecommunications in the next five years, but much of its business has already gone to Japan.

Higher minimum wage approved

The US House of Representatives on Thursday defied President Bush and approved a \$1.20 an hour rise in the minimum wage to \$4.55 by 1992, writes Nancy Dunne.

Mr Bush has agreed to accept a rise to \$4.25 an hour over three years, and he has insisted on a sub-minimum "training wage" rate for six months. In a compromise, House Democrats dropped their original insistence on a rise to \$4.65 an hour.

Italian public spending cuts

The Italian Government, amid signs of a rise in inflation and a flagging of investor confidence in Treasury bills, has approved a L12,000bn (£5bn) package of measures designed to increase revenues and make cuts in public spending, writes Alan Friedman from Milan.

The package, although approved by the cabinet of Prime Minister Ciriaco De Mita, could still face opposition in Parliament, which has not yet approved measures related to the 1989 budget.

HK inflation passes 10%

Hong Kong's inflation rate moved into double digits for the first time since 1984 in February, with figures from the Census and Statistics Department showing that the consumer price index rose by 10.5 per cent over the same month in 1988, writes Michael Marray.

At the same time growth in the colony's domestic exports continued to decelerate in February, registering a small year-on-year increase of 2.9 per cent for February.

French foreign trade deficit down

France's foreign trade deficit shrank to FFr500m (£46m) in February, after seasonal adjustments, customs authorities announced yesterday. This compares with a deficit of FFr2.6bn in January, George Graham writes from Paris.

Imports fell by 4 per cent to FFr93.5bn, after seasonal adjustments, while exports fell by only 1.6 per cent to FFr93.1bn.

Eastern examiner to be appointed

The court presiding over the bankruptcy of Eastern Air Lines has ordered the appointment of an examiner with wide powers to seek a reconciliation between labour and management and get the strikebound airline flying again, James Buchan reports from New York.

Judge Burton Lifland made clear that he wanted Eastern and its ground crew and pilots to end the dispute which has grounded the airline for three weeks.

US demands stall talks with Japan on FSX fighter project

By Nancy Dunne in Washington and Ian Rodger in Tokyo

TALKS on the US-Japanese FSX fighter aircraft, a project to develop an advanced F-16 jet, have stalled over US demands for controls on export of new technology and for a guaranteed share of the production.

The Japanese Government has warned the US that failure to implement the agreement, signed last November, to develop the fighter would seriously damage US-Japanese security relations.

"Whatever we do jointly will be influenced by this; it is not a commercial or a trade matter," the Japanese Foreign Ministry spokesman said on Thursday in response to a question about the decision this week by the US administration to review the deal.

Negotiators wrangled all day on Thursday over President George Bush's proposed "clarification" to the agreement on export controls, then agreed to meet again.

Participants in the meetings included Mr James Baker, Secretary of State; Mr Robert Mosbacher, Commerce Secretary; Mr Brent Scowcroft, National Security Adviser; Mr Nobuo Matsunaga, Japan's ambassador to the US; and Mr Seiki Nishihiro, second-ranking official in Japan's Defence Agency.

The agreement has come under strong criticism in the US Congress and some parts of the administration this year on the grounds that it would enable the Japanese to acquire leading US aerospace technology, and that Japan would use the technology to develop its own internationally competitive aerospace industry. There is also an element of horsetrading in the complaints, aimed to increase US manufacturers' share of the work on the Y165bn (£730m) development phase of the project. Japan is to provide all the finance.

Mr Baker had told the Japanese this week that the administration had decided, after studying the complaints, to seek some changes in the 1988 memorandum of understanding. According to reports in Washington, the administration wants to prevent Japanese access to some computer wing-control programmes and some advanced engine technology.

The Japanese Foreign Ministry put a different interpretation on the US initiative, emphasising that Mr Bush had made clear he still wanted to implement the agreement. This showed that the US was still committed to the spirit of bilateral security relations.

The problem was "how to carry out our security arrangements smoothly". An "adjustment of views" between the two governments was taking place as a result of Congressional opposition to the agreement.

Sources close to the talks said that the officials vigorously emphasised the definition of technology to be transferred, and that the Japanese rejected outright the US demand for a 40 per cent share of the production work.

Although Congressional opponents are unlikely to mount the two-thirds majority needed in both chambers to kill the project, the administration evidently believes it must have something to show from the negotiations.

Lafontaine likely to run for Chancellor

MR Oskar Lafontaine, a leading West German Social Democrat, is now likely to seek the party's nomination as its candidate for Chancellor next year, in the wake of recent electoral reverses for the centre-right coalition in Bonn, according to close advisers, David Goodhart reports from Bonn.

Mr Lafontaine, who last year outraged the party's union wing by suggesting that union inflexibility over pay and working time cost jobs, will not make a decision about his candidature until early summer next year. But recent events have put the chances of his standing at "well over 50 per cent", according to one friend. Before next summer he must fight and win the state election in Saarland, where he is premier.

Telecoms chief held in Greece

By Andriana Ierodiaconou in Athens

THE GENERAL director of Greece's state-controlled Hellenic Telecommunications Organisation (OTE), Mr Theophanis Tobras, yesterday became the third head of a Greek public sector corporation to be arrested on fraud charges connected to the Koskotas banking scandal.

Like the directors of the Greek Post Office (ELTA) and of the Organisation for the Rehabilitation of Ailing Industries (OAE), Mr Tobras was arrested on the basis of Bank of Greece evidence that public sector corporations had propped up the private bank, owned by Mr George Koskotas, with about Dr20bn (£74m) in deposits in August and September 1988.

Mr Koskotas was charged last October with embezzlement and illegal foreign currency transactions. The Koskotas scandal has rocked the Socialist party Government, which is expected to lose the next general election, in June, to the Conservatives.

Agencies add: Pressure on the Government increased sharply this week when a former Secretary to the Cabinet, facing charges of having received stolen money, testified that he had deposited \$2m in a Swiss bank account for Mr Agamemnon Koutsogiorgas, who till last week was the most senior cabinet minister.

Completion of Start nuclear treaty 'at least two years off'

By Lionel Barber in Washington

A US-Soviet Start treaty reducing the superpowers' strategic nuclear arsenals by 50 per cent is at least two years away, senior Bush Administration officials have told a visiting British Labour Party defence delegation.

The Labour Party group was told that 80 per cent of the Start treaty is complete, but the remaining 20 per cent is extremely complicated and could take "at least two years and more likely three" to finish.

The Labour group, led by Mr Gerald Kaufman, shadow foreign secretary, spent two days in Washington gathering information for the party's defence policy review.

Meetings, described as friendly and respectful, included a one-hour session at the White House with Mr Brent Scowcroft, President George Bush's National Security Adviser.

The Labour group reported that the Administration was taking a relatively relaxed view of the approaching need to modernise short-range Lance nuclear missiles in Europe and was anxious that the Nato summit in May in Brussels should not be disrupted by an inter-alliance dispute over modernisation.

The West German Chancellor, Mr Helmut Kohl, has said he wants to defer a decision on Lance until after the elections, which are expected in December 1990.

The British Prime Minister, Mrs Margaret Thatcher, has however pressed for a decision as soon as possible, arguing that alliance resolve on nuclear weapons is required in the face of continuing inequality between Nato and Warsaw Pact conventional forces in Europe.

Congressman Les Aspin, House Armed Services Committee chairman, told the Labour group Congress would appropriate the \$30m (£17m) needed this year to begin work on a replacement for Lance, which will be obsolete by 1995. Some US officials have suggested that West German hesitation on a decision to deploy Lance could jeopardise congressional funding for the project.

The Labour delegation included Mr Kaufman, Mr Martin O'Neill, shadow defence secretary, Mr Tony Clarke, joint convener of the group, and Mr Ron Todd, general secretary of the Transport Workers Union.

The group has visited the Soviet Union and several European countries and hopes to complete a defence review along with recommendations by May – the same time that Mr Bush intends to wrap up his own Administration's review.

China gives Tibetan casualty toll

CHINA said yesterday that more than 600 people were killed or injured in 21 outbreaks of separatist violence in Tibet over the past 18 months, Reuter reports from Peking.

"These riots, all organised, have been escalating in scale with a rising toll of life and property," the official New China News Agency quoted Maj-Gen Zhang Shaosong, political commissar of the People's Liberation Army in Tibet, as saying.

He did not give a death toll or details of when most of the casualties occurred.

The agency quoted the general as saying only that "more than 600 casualties" had resulted from the incidents. The casualty figure is higher than that officially given in the past.

Peking says at least 16 people were killed and more than 100 injured in three days of pro-independence riots in Lhasa this month.

Tibetans say as many as 60 people died in the unrest, which led to the imposition of martial law in the city and the expulsion of most foreigners from Tibet.

China says one policeman was killed and 300 were hurt in unrest one year ago.

Martial law "has punctured the reactionary activities of separatists and won support from the whole nation, Tibetans included," Maj-Gen Zhang told a meeting of China's parliament on Thursday.

Hungary heading for multi-party system, Gorbachev told

MR Károly Grósz, the Hungarian Communist Party leader, told Soviet President Mikhail Gorbachev here yesterday that Hungary was set on a path towards a multi-party system, Quentin Peel reports from Moscow.

At the same time, he insisted that he and the Soviet leader did not differ on a single question – including evaluation of the Soviet invasion of Hungary in 1956, now under a joint reassessment.

Mr Grósz met Mr Gorbachev on the eve of the Soviet Union's single-party elections, and in the knowledge that the Soviet leader had dismissed the prospect of a multi-party system for the USSR as "meaningless".

"We believe that, in Hungary, we are witnessing a diversity of interests which should find expression in a multi-party system," Mr Grósz told a news conference in Moscow.

He agreed that the practice in the Soviet Union was different, and that it should develop its own political system. He made the same distinction on economic reform – Hungary was a small nation and able to move more rapidly in reforming.

As for the issue of neutrality, Mr Grósz talked of Hungary's "urge for neutrality", but said it could only come when both Nato and the Warsaw Pact had been dismantled – a point on which "we had a complete unanimity of views".

The three-hour talks by the two leaders focused mainly on their common reform efforts, as well as their relations in Comecon, which has been increasingly criticised in Hungary for its failure to adapt to reform.

Budapest exchange tiptoes back to life

John Lloyd looks at the revival of share trading in Hungary after 40 years

MR BELA JANCSO made a little deal *this week. He bought 50,000 forints*-worth (£540) of shares in Novotrade, a computer trading company and a rising stock.

It was the last deal of the session in the Budapest stock exchange, on one of the most active days since it opened last year. Some 20 people sitting round a table in a modern conference room had made 15 deals between 10:10 and 10:40 on Tuesday morning. That was Hungary's market for the week.

A French television crew, filming the scene, focused on Dr Ilona Hardy, the imposing young woman who presides over dealing with slightly humorous delicacy, while an assistant records the deals in a spiral-bound jotter. "It's not really a market yet – still a kindergarten," Dr Hardy says.

But Mr Jancso is no child; he is a vigorous, square man in his early 70s, who is the market's one link with the past, interrupted by 40 years in which *markets were stamped out, grudgingly* tolerated and now grasped with desperate enthusiasm.

He was the Jancso of Jancso and Szabo, a small but, he says, perky bank which traded equities and provided capital for small business.

He pulls out an old share certificate, denominated in the pengo, the pre-1948 currency. Gorgeously decorated, it depicts a lounging hussar, with tiny figures of miners in one corner. The shares, dated 1920, were for the Reszveny Coal Company.

He came into the market in the 1930s, when, according to Prof Tamas Backay of Karl Marx University, "the Hungarian middle class lost faith in the market and became corporatists."

Mr Jancso plugged away through the period when shares could not be sold abroad because the pengo's convertibility was suspended. He kept on through the war, when trading was severely *restricted, until 1948, the year the Com*munist Party took power.

How much did he get for Jancso and Szabo? He bursts into laughter. "Nothing! Nothing! The state just took it."

He made a living in the "free" sector until 1952, when its tiny freedom was ended; he then took a job in a scientific research establishment, where he stayed until March last year, when Mr Andras Laszlo, one of Budapest's few entrepreneurs, founded a brokerage company, and offered him a job.

"You can't compare this with before 1948," he says. "The [old] exchange had over 100 years of history. It had great expertise and a great turnover.

"This is a hopeful beginning and nothing else. I can't say how much time it will take to establish a real new market with real turnover – it is a question of confidence and ownership."

There is a sense of fragility surrounding the market. Dr Hardy refers to the *hostility it arouses* – "for 40 years people had been told this sort of thing was terrible" – and everyone excuses it to foreigners as nothing much at all, little more than a game.

But given political stability, and at least partial convertibility of the forint (big conditions), there seems to be no reason why it cannot grow.

New men and women, like Mr Laszlo and Dr Hardy, have acquired new expertise. Prof Backay says his students "only want to learn to work effectively, learn the techniques of business."

Foreign companies – US, West European, Japanese – are showing some interest. A US company is talking of listing itself.

The exchange may never again issue shares depicting hussars lounging over miners, but Mr Jancso may yet trade in coal shares again, before he hangs up his Japanese calculator.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1989.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates \$365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, DENMARK. Telephone (01) 13 44 41; Fax (01) 935335.

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OVERSEAS NEWS

Making it hard for bemused electors

By Quentin Peel in Moscow

ORGANISERS of the Soviet elections tomorrow have not made it easy for the bemused electors.

It is the first time in decades that Soviet voters have actually had to write anything on the ballot paper. Hitherto, they only had to put the unmarked sheet in the ballot box.

Instead of a simple cross against the voter's choice, or a list of preferences, the Soviet voters are being asked to cross out all those they do NOT want. In Moscow's Gagarin constituency, they will have to cross out 11 names to leave just one.

The whole system was spelt out yesterday in Izvestia, the government paper, suddenly aware that it was all unfamiliar to the participants. Ballot papers will be considered spoiled unless just one name is left un-crossed-out – except where electors have only one candidate to choose. There they may cross out the solitary name as a vote against.

It is an open question just how many electors will dare to do that, especially when the candidate is someone like Mr Vladimir Shcherbitsky, the Ukraine party leader, or Mr Vitaly Vorotnikov, the president of the Russian Federation: the only two Politburo members facing the ordinary electors, but both unopposed.

Voting will last from 7am to 8pm, complicated by the fact that clocks have to be changed on Sunday morning – everywhere except in the Baltic republics of Estonia, Latvia and Lithuania. There they are exercising their first flush of sovereignty, by refusing to change the time.

Just when the count takes place depends on the local electoral commission, usually made up of local party dignitaries.

But the counting is supposed to be done at each polling station, and most are expected to do so on the night. The results are written onto an official form, which is then sent into the district electoral commission, where they are added up. Then another form is submitted to the central electoral commission.

That is where delays seem set to occur. But many district commissions are expected to announce results themselves.

Soviet Elections

Fears of ballot rigging have been voiced in the Soviet press, because the law only requires that results be published within 10 days of the poll.

Another suspicion is over the printing of 200,000 extra ballot papers in Moscow – about three per cent of the 6.5m electorate. They are supposed to be for voters staying in the capital on official business.

The way the system has been organised means there may have to be a considerable number of repeated polls, wherever no single candidate has won more than 50 per cent. That seems inevitable in seats where there are four or more candidates.

There are 953 seats with two candidates, 384 with only one, 109 with three candidates, 27 with four, 12 with five, and only 14 seats with six or more candidates.

Another challenge to the system has been launched in Armenia, scene of more than a year of nationalist demonstrations.

There, supporters of the nationalist Karabakh committee have urged voters to boycott the poll as a protest against the detention of the 11 committee members on charges of incitement.

A suspicion that the figures will be padded, as officials now admit they have been in the past, means that all the Armenian protesters are being urged to keep their voting slips to prove they did not go to the polls.

All eyes will be on contestants pledged to reform the system

By James Blitz in Moscow

NO OVERALL result will emerge from the Soviet election because there is no overall contest between separate parties. The Communist Party is certain to remain dominant after an election in which it is fielding about 85 per cent of the candidates.

However, several constituencies have contests where the candidates include people committed to reform of the system. Those are the ones most worth watching.

All eyes will be on Estonia, Latvia and Lithuania, where independent Popular Front groups, with programmes that envisage substantial sovereignty for the three Baltic republics, are competing against party candidates in most seats. Many party officials can expect to be defeated, although in many cases their rivals will be party members.

Most important of the Baltic contests is in the Proletarian Territorial Constituency in the Latvian capital, Riga.

There, Mr Juris Dobelis of the Popular Front is challenging Mr Jan Vagris, First Secretary of the party in the republican. A win for Mr Dobelis would be a significant blow to the party's standing in the Latvia.

In Moscow, the fight between Mr Boris Yeltsin, sacked as party chief in the city, and Mr Yevgeny Brakov, director of the giant Zil car factory, will attract most attention.

One of the most interesting local seats, though, is No. 8 (Voroshilov), where the dissident historian, Mr Roy Medvedev, is running against five other candidates.

Even in the Brezhnev years, he was able to build an international reputation as one of the leading theoreticians of the reform of socialism.

His election to the new parliament would be a remarkable symbol of the changes in Soviet society, to stand alongside the now almost certain election of Dr Andrei Sakharov, the physicist and human rights campaigner. However, it is widely thought Mr Medvedev will have a struggle to win the seat against so many candidates.

There are even more runners in Constituency No. 7 (Gagarin) in Moscow, which has 12 men standing. It would seem impossible for anyone there to gain the 50 per cent of the vote required to be elected on the first ballot, so there will have to be run-offs.

The Gagarin contest is a good example of how many reform-minded candidates across the USSR are competing against each other. Col-Gen Dmitri Volkogonov, called by the party to re-write the history of the Stalinist period, is one candidate; Mr Eldar Ryazanov, a leading reforming film-maker, is another.

A similar clash of reformers will take place in the Leninsky constituency, where both candidates have welcomed the prospect of a multi-party system – the lawyer Mr Valery Savitsky and the economist Mr Alexei Yemelyanov are two of the most outstanding candidates in the country.

Constituency No. 24 (Timiryazev) has a reform-minded candidate, Mr Arkady Murashev, aged 32, with a strong commitment to multi-party democracy. He has three rivals, but the man to beat is Mr Vladimir Sirtsov, first secretary of the local party. Mr Murashev will probably have a tough task.

Can Ms Alla Yaroshinskaya, a local journalist, win Zhitomir in the Ukraine? Last year, she disclosed that people were using party connections to jump the queue for local housing. As a result, party officials tried to exclude her from the final list of candidates.

After huge local protests on her behalf, she is now fighting four other candidates for a good chance of winning.

The Zhitomir race is one of the few in the Ukraine not completely rigged by the republic's Communist Party. Most of the Ukrainian party leaders are standing unopposed, including Mr Vladimir Shcherbitsky, the one remainder from the Brezhnev era in the Gorbachev politburo.

It will be interesting to see whether the Ukraine's electorate protests at the choice on offer by failing to turn out to vote tomorrow, or by putting a line through all the names on constituency ballot papers.

In Georgia, a man to watch is Mr Aki Bakhradze, who is standing in a National Territorial constituency. Offering a programme of substantial sovereignty for the republic, he is the only candidate in Georgia supported by the informal groups outside the party.

He should win easily, and a huge majority might consolidate his position as an alternative voice for the republic's party to reckon with.

Two candidates in Uzbekistan have strong programmes of reform: Dr Timur Usmanov and Dr Timur Yunusov are standing on a variety of issues, including control of the KGB by the Supreme Soviet and implementation of the rule of law throughout the USSR.

Any list of outspoken candidates will be incomplete at this stage. When the Congress meets, we will discover if elected delegates are seriously committed to reform.

Glasnost slow to crack TV screen

By James Blitz

WHILE US campaign managers devise "sound bites" – fleeting moments of rhetoric aimed at the evening news – Soviet television producers have to digest something more like "sound meals".

The Politburo's speeches are consumed and televised uncut and uninterrupted.

"We are not run by the Politburo," says Mr Eduard Sagelayev, head of News and Current Affairs at Soviet Television.

"But I believe that Politburo members have a right to select the parts of a speech they want shown."

This often means the entire speech.

Vremya (Time), the main news programme, has an audience of about 200m a night. Its political influence is colossal.

That may explain why few of the controversial candidates have ever been seen on it.

For example, in recent days there has been uproar at the Academy of Sciences over the initial omission from its list of candidates of Dr Andrei Sakharov – but he has not been filmed or mentioned once on Vremya this week.

"Well, Sakharov was not one of the candidates standing this week," says Mr Sageleyev. "I myself believe that he should have been allowed to stand in the election, and it is a great pity he was not."

Mr Boris Yeltsin, former party chief in Moscow, has barely appeared on Vremya in the campaign, despite the huge demonstrations in his favour.

But Soviet television has filtered some controversial issues into its programmes. The most popular programme by far, Vzglyad (Viewpoint), mixes serious discussion with pop videos satirising the bad old days of stagnation.

Mr Sageleyev lists other examples of tough reporting: "Our programme Towards the Elections recently revealed that a woman was not selected as a candidate for a seat in the Ukraine, despite huge local support.

"We filmed militiamen forbidding her supporters to hold a meeting. Thanks to the programme, she is now recognised as a legal candidate."

The Vremya chief aims to mix traditional deference to the party with some criticism of the Soviet establishment. "But I am very worried that we sometimes criticise the party too much.

"For example, yesterday we put out a story that several party officials in Uzbekistan were arrested for corruption. I was concerned that the news would do the party excessive damage. We can't forget that the new situation we are living in depends entirely on the party's activity."

There is little attempt by television to encourage real debate among the candidates.

Meet the Candidates, for instance, brings the handful of contenders from each constituency to the studio. The compère simply goes round the table asking each candidate one question and moving on to the next.

Even so, candidates do light the occasional flame.

This week, one young party official began his opening remarks on Meet the Candidates by looking straight at the camera and announcing his commitment to multi-party elections.

He finished by reading out a long statement in support of Mr Yeltsin, signed by many well-known names.

When he looked up from the statement, there was a glint in his eye. It was as though he had cracked the glass in the television screen.

Super-parliament candidates spring a few surprises

By Quentin Peel

ALMOST one-third of the deputies for the Soviet Union's new super-parliament – the Congress of People's Deputies – will have been chosen before the polls open tomorrow.

They are the representatives of the country's "social organisation", and their names read like a Who's Who of the Soviet establishment.

Yet, despite the election looking carefully pre-ordained, from the moment the Communist Party Central Committee proposed only 100 candidates for the 100 seats it was allocated, it has produced more surprises than expected.

Most dramatic was the rebellion this week of the rank-and-file members of the Soviet Academy of Scientists, who refused to endorse most names presented because they did not include that of Dr Andrei Sakharov, the nuclear physicist and human rights campaigner, nor a string of other reformers.

Now a new meeting will have to be held to fill 12 vacancies for the 20 seats supposed to have been filled.

Furious debates have also broken out in many organisations that used to be conservative, such as the Union of Writers, where grievances surfaced in the election campaign. The result has been a mixed bag of dignitaries winning through to sit in the new Congress when it convenes next month (one presumes).

Some outspoken supporters of perestroika have failed to be elected – such as Mikhail Shatrov, the playwright, the journalists Mr Alexander Bovin and Mr Otto Latsis, and economists such as Mr Adel Agamdegyan, an academician.

Yet the deputies from the Communist Party, and other establishment organisations, have included reformers who might well not have been popularly elected – such as the economist Dr Leonid Adalkin, the actor Mikhail Ulyanov, and the sociologist Ms Tatyana Zaslavskaya.

The 750 "organisation deputies" will bring to the parliament a flavour of corporatism for the first time, as a cautious counter-balance to the dominance of the Communist Party. The majority – almost 90 per cent – is made up of party members, but most deputies have been mandated to fight for the specific interests of their respective organisations.

A question remains over how many of the new deputies, most with full-time professional occupations, are seriously prepared to become full-time politicians.

The Congress will only sit for a couple of days a year, to consider broad constitutional issues and elect the real parliament, the bicameral Supreme Soviet. That organisation is supposed to have two sittings a year – in spring and autumn – "each lasting three to four months, as a rule".

Dr Svyatoslav Fyodorov, an eye surgeon and one of the best-known citizens in the Soviet Union, is one of the golden 100 list of deputies elected by the Central Committee. He has clear views on economic policy, and passionately supports President Mikhail Gorbachev's reform programme.

He has radical views on the need for an overhaul of the public health service, on payment by result, and on the need for a form of individual property ownership to create a genuine market economy.

When asked if he will fight for those views in the Supreme Soviet, he is adamant: "I never will be a permanent deputy". His only influence will be in electing the full-time members once a year.

The same is true further down the scale. Mr Yevgeny Stankovich is a secretary of the Ukrainian branch of the Union of Composers, and one of its 10 deputies in the new congress. But he also has no intention of spending up to eight months of the year in the Soviet capital on parliamentary business.

The nomination of a string of celebrities – and representatives of the professions – might be seen to bring a measure of expertise to a legislature supposed to provide true democratic control on the authoritarian Soviet system. But it is not certain a significant number will devote the necessary time.

Individual results have thrown up quirks of the electoral system and the Soviet perception of priorities.

The Soviet peace fund has elected Patriarch Pimen, head of the Russian Orthodox Church, as one of its five members, despite the fact he is regarded as a political appointee from the Brezhnev years.

The organisation rejected Dr Georgy Arbatov, for years a leading Soviet spokesman on foreign policy – it seems because of his autocratic leadership of the USA/Canada Institute, and identification with the Brezhnev era.

UK NEWS

Broker's debts hit Norwegian bank

By Nick Bunker

SR BANK, a small Norwegian financial institution, looks like being the main casualty of the collapse of E.J. Collins, the London stockbroker. It emerged at a creditors' meeting that the Stavanger-based bank could lose all of the £2m it lent to Collins.

Collins went into liquidation on March 14 with a deficit of about £3.8m on its books, according to Mr David Morgan, the liquidator, who is an insolvency partner with accountants Spicer & Oppenheim. Collins was then "hammered" (declared in default) by the Stock Exchange.

Problems at Collins stemmed from bad debts of between £870,000 and £1,150,000. They were run up by six clients last September and October, when Collins had a capital base of just £750,000, Mr Morgan told the creditors' meeting in London on Thursday.

It also emerged that the Collins collapse has left its clients holding £600,000 in bounced cheques, while total liabilities to clients total £1,496,000.

A statement of affairs drawn up by Mr Morgan suggests that former clients should receive all their money back. Mr Morgan declined to give a precise indication of how long it might take.

One problem is that Collins may have mixed up clients' money with its own funds rather than keeping them completely separate, as stockbrokers are legally expected to do. Mr Morgan said it appeared that some of the bounced cheques had been made out from the company's general funds, rather than its clients' account.

Collins had about 2,000 unsettled bargains when it collapsed, but these were being sorted out by Stock Exchange officials so that market makers could settle them directly, Mr Morgan said.

His figures show that Collins has realisable assets of £2.25m, against debts of £2.1m to creditors other than SR Bank, which is owed a further £2m. However, since SR Bank's loans were subordinated, Mr Morgan said that it was "right at the back of the list" for a share-out.

SR Bank was "going to lose most, I assure you," he said.

The Securities Association, the stockbrokers' investor protection watchdog, came under fire at the meeting for not spotting the Collins problems sooner.

Mr John Baird, a director of Cobbold Roach, another stockbroker, said £2m had evaporated from the Collins books "in very short order," in spite of The Securities Association's monitoring of liquidity.

Cobbold Roach has taken on about 5,000 Collins clients, but, said Mr Baird: "The whole panoply of investor protection has done very little to help them."

A hundred Collins clients who attended the 90-minute meeting heard how problems started at Collins after it was taken over in May 1986 by a group of Norwegian banks and some family trusts controlled by Mr Harald Hamerton-Stove, a Norwegian banker living in England.

Originally, a small private-client based company, with only 12 employees, Collins then began to be transformed into an Anglo-Norwegian venture with ambitions to drum up business for Scandinavian institutions.

In June 1988, it bought the private client side of another London broker – T.C. Coombs – then invested heavily in computer systems and expanded to 90 staff, Mr Morgan said.

This expansion was supported by a £1m three-year subordinated loan from SR Bank, made at the time of the Coombs acquisition. In October 1988, though, a new managing director became concerned by the level of overdue debts and their implications for the capital it had to maintain to meet TSA requirements.

Mr Morgan said SR Bank lent Collins a further £500,000 on December 29 last year, but after the new managing director went to see The Securities Association to explain the position, Collins was issued with an order demanding a restoration of capital adequacy.

The crunch came on March 8, when TSA gave Collins until March 10 to come up with another £1m in equity. SR Bank offered the money, but when Norway's Securities Commission blocked the scheme, The Securities Association moved in ordering Collins to stop trading.

Courtaulds to shed nearly 400 jobs as restructuring continues

By Alice Rawsthorn

COURTAULDS, the chemicals and textiles group, is continuing the restructuring of its UK textile interests with nearly 400 redundancies at three of its clothing companies in the east Midlands.

The group is closing the Meridian sportswear factory in Derby with the loss of 180 jobs. The factory makes T-shirts and tracksuits. Mr Martin Taylor, director responsible for textiles, said the company made the type of products that were vulnerable to competition from low-cost imports.

Courtaulds also announced 150 job losses at the Meridian men's underwear factory in Bolsover, Derbyshire, and 54 redundancies at the Symington lingerie plant in Peterborough, Cambridgeshire. Mr Taylor said these factories had suffered from weak demand.

For the past year Courtaulds, like the rest of the UK textile industry, has operated in intensely competitive conditions. The industry has been hit by the parallel problems of increasing imports and erratic demand.

The strength of the pound has fuelled a rapid rise in textile and clothing imports from south-east Asia. This has not only eroded the market share of UK manufacturers but has imposed intense pressure on profitability. The uncertain outlook for consumer spending has ensured that retailers have been cautious in placing orders.

Courtaulds has been forced to cut costs by closing plants and shedding labour. Earlier this month it announced the closure of four factories in Lancashire with the loss of 900 jobs. Since the start of its financial year last April, the group has reduced its textiles workforce by about 4,000, including the latest job losses.

The textile industry's difficulties began last Easter and worsened as the year progressed. Mr Taylor said conditions had stabilised since the start of 1989, but the market was "still very weak." He said there was no sign of an improvement because of the "strong, apparently stable pound" and the "nervous" mood of the retail sector.

Courtaulds is not the only textile company to have announced redundancies and closures in recent months. Coats Viyella, the industry's other main UK company, shed 4,000 of its worldwide workforce last year.

The redundancies have been concentrated in the most vulnerable areas of the industry – spinning and knitwear – where the import problem has been exacerbated by a steep decline in demand.

HK rights concession is resisted

By John Mason

THE GOVERNMENT has again resisted calls for more generous treatment of Hong Kong citizens applying for rights of residence in the UK – even though Lord MacLehose, a former governor of the colony, has joined appeals for a more flexible approach.

Lord MacLehose told the Lords on Thursday that the prosperity of Hong Kong – which will be transferred to Chinese sovereignty in 1997 – depended on managers and decision-makers staying.

Registration as a British citizen with rights of residence in the UK would encourage many to stay, in spite of their fears on how the economy would be run under Chinese rule, he said. If given these rights most would stay and work in Hong Kong rather than emigrate.

He said the 1981 Nationality Act should be administered more flexibly to grant such rights to people such as Crown servants.

But Lord Glenarthur, a Foreign Office Minister, said such an approach could undermine the 1986 Sino-British Declaration.

It could be seen as an attempt to lure away talent and capital at the expense of future prosperity.

Lord Glenarthur also challenged the view that most Hong Kong citizens given rights of abode in Britain would choose to stay. He said this judgment was a "shot in the dark" considering Hong Kong's mobile population.

In the debate the Government faced cross-party pressure to ease its restrictions.

Lord Fanshawe, a former Conservative Foreign Office minister with responsibility for Hong Kong, said there was concern Britain was now "dancing to the Peking tune."

Mersey dock project advances

By Ian Hamilton Fazey, Northern Correspondent

MERSEY DOCKS and Harbour Company has been given outline planning permission for its £200m redevelopment of the Princes Dock area, close to Liverpool's Pier Head. The redevelopment involves 23 acres of land and 13 acres of water.

When the scheme was first mooted in 1987 it led to a rapid rise in the MDHC's share price, but difficulties followed over the financial resources of the original development company behind the scheme and government reservations about the project.

The planning authority for the area was then Liverpool City Council, but powers over the disused northern docklands have since been transferred to Merseyside Development Corporation, the government agency charged with regenerating the Mersey waterfront. The corporation has approved a joint application by MDHC, the site owner, and P & O Properties, now the lead developer.

The scheme does not include the adjoining East Waterloo Dock and warehouse, which is being developed separately by MDHC and Barratt Urban Renewal as a waterside residential village. A third scheme – for a £70m redevelopment of the nearby Stanley, Collingwood and Salisbury docks – was also submitted to the corporation for planning approval.

The Princes Dock plans include 400,000 sq ft of offices, 300,000 sq ft of shopping, 207,650 sq ft of housing, a 150 bedroom hotel and a roll-on, roll-off terminal for Irish Sea ferries. Detailed plans will now be drawn up and full planning permission sought.

● Merseyside Development Corporation has also revealed that its plans to sell the site of the 1984 Liverpool International Garden Festival to Mr Peter de Savary have fallen through. Negotiations were at an advanced stage last October, shortly before he sold his Landleisure company, but Mr de Savary has now decided not to pursue the deal as he re-orders his business interests.

House price surge moves north

Andrew Taylor finds regions where families can still afford to buy

A GOOD way of making money, according to one of the City of London's construction analysts, would have been to have sold your home in southern England last summer, moved into rented accommodation and bought a house in the north.

The housing market in northern England and Scotland has continued to race ahead, while sales have slumped and prices have remained static in southern England – even falling in some parts.

People retiring and planning to make a big profit by selling their higher priced southern home and moving to the north are finding it less easy. They have been forced to lower their sights as profits they had expected to make have been reduced.

Many people selling houses in the south, according to a survey of estate agents published this week, are having to cut asking prices in order to secure a sale. At the other end of the country, prices are still rising sharply.

Figures to be published next month by Halifax Building Society, Britain's biggest, are expected to show that average prices in northern England, the north-west, the Yorkshire area and Humberside have risen by between 5 per cent to 10 per cent during the first three months of this year.

Prices which last year were racing up in other regions are now mostly static and in some areas even falling slightly, says the Halifax.

Barratt, Britain's third largest housebuilder, says sales in southern Britain fell by between 20 and 25 per cent in the second half of last year.

Mr John Swanson, who took over from Sir Lawrie Barratt as chief executive and chairman at the beginning of this year, said sales could fall by as much as 30 per cent in southern England this year.

Rising prices and sales in the north and Scotland have more than offset the decline in the south.

Barratt in the six months to the end of December completed 3,200 homes across the UK – 200 more than during the last six months of 1987.

Wimpey, Britain's second largest housebuilder after Tarmac, says sales in the north have continued to race ahead. These more than compensated for a drop in sales of about 12 per cent on Wimpey sites in south-east England.

The group expects to sell about 8,000 homes this year, 1,000 fewer than the previous year.

Some of the reasons for the stronger performance by housing markets north of the River Trent can be found by studying relationships between house prices and average earnings in different parts of the country.

House prices in London since the late 1960s have varied between 1.6 times and more than 2.5 times average prices in the Yorkshire area.

London prices currently remain more than twice the average price in that area, even though prices in Yorkshire and Humberside have risen by more than 40 per cent in the last 12 months.

Average house prices in East Anglia, according to Halifax, are now almost six times the average annual income of local Halifax borrowers. Builders say parts of East Anglia are among some of the weakest housing markets in the country, particularly for sales to first-time buyers who cannot afford local prices.

House prices in London, south-east England and the south-west are all more than five times the average earnings of local borrowers. In the north-west, Yorkshire area and Scotland prices are less than four times and in the north less than 3.5 times average earnings of local Halifax borrowers.

Mr Swanson of Barratt says: "There is a lot of ground to catch up. Unemployment in the north is falling, real earnings are rising. Because house prices are so much lower, people have not been so badly affected by mortgage interest rate rises. They have money in their pocket and are spending it on housing."

In the south, land prices recently have begun to fall from last year's record levels. Builders which had stopped buying because prices were too high have started to purchase again as the housing market in the south has cooled.

The pace of the housing market in the north has enabled national builders to offset falling sales elsewhere. But how long can this last?

The decline in the housing market which began in London has gradually drifted northwards. Most recently it has begun to affect the south Midlands.

Halifax believes the decline will have begun to affect the north by the end of this year. But there is no sign of this yet as potential purchasers crowd into the showrooms this Easter.

HOUSE PRICES in rural areas which are rising beyond the means of many local people, are causing an exodus from villages, especially by the young, according to the Association of County Councils.

The use of houses as second homes, retirement homes and commuter accommodation was affecting almost all rural areas, it said in a report called Homes We Can Afford. "There is resentment between the traditional rural population and the influx of strangers," it said.

The traditional rural community was cracking up with the closure of village post offices and shops, the decline of rural bus services and rural schools, and also social and church life.

The association called on the Government to produce urgently a policy document for rural housing.

AVERAGE HOUSE PRICES
February 1989

London	£95,700
South-east	£89,100
East Anglia	£76,500
South-west	£72,650
West Midlands	£59,800
East Midlands	£52,900
Wales	£44,800
North-west	£44,300
Yorks, Humberside	£44,150
Scotland	£42,100
North	£37,900
Northern Ireland	£33,250

Source: Halifax Building Society

UK NEWS

Labour will face testing by-election in Glasgow

By Charles Hodgson

LABOUR'S recent efforts to consolidate its hold on the Scottish heartland in the wake of the disastrous Glasgow Govan defeat will shortly be put to the test following the death of Mr Robert McTaggart, MP for the neighbouring Glasgow Central constituency.

Mr McTaggart, 43, died, apparently of a heart attack, at Heathrow Airport in London on Thursday.

The by-election is set to raise the spectre of Labour's reversal last November at Govan, where its 19,000 majority was demolished by the Scottish National Party. Mr McTaggart had a majority of 17,253.

The contest comes at an uncertain time in Scottish politics, with Labour showing clear signs of a recovery in opinion poll ratings both nationwide and in Scotland, where it has widened its lead over the SNP in recent months.

Glasgow Central may prove a tougher proposition for the SNP than Govan, where Mr Jim Sillars was a well-known and popular candidate.

The party's decision not to participate with Labour and the Social and Liberal Democrats in the planned Scottish convention on devolution, in favour of a stricter pro-independence policy, may cost it support.

However, the nationalists' hard line on non-payment of the poll tax, which comes into force in Scotland next month, may prove more attractive to voters than Labour's softer option of legitimate protest.

A recent "offensive" by the SNP at Westminster, including efforts by Mr Sillars to obstruct the Budget speech, has won widespread media coverage in Scotland which the party feels has boosted its claim to be the genuine voice of Scottish opposition to the Government.

Labour hopes that the recent statement by Mr Neil Kinnock, the party leader, in favour of a Scottish assembly with substantial powers, will have reduced support for the SNP.

Labour Party managers face a dilemma the date of the contest. They could choose May 4, the date of local elections in England and Wales and of the Vale of Glamorgan by-election, where Labour sees a chance to take the Conservative seat.

However, they could wait for June 15, date of the European Parliament elections, where the SNP will be standing, in the hope of stretching nationalist resources.

Mechanical engineering sector 'faces 1989 deficit'

By Nick Garnett

THE MECHANICAL engineering sector, one of the UK's most consistent balance of payment earners in manufactured goods, looks as if it will slide into deficit this year for the first time for very many years.

Provisional estimates by the Engineering Employers Federation indicate that the positive trade balance in mechanical engineering goods slid to just £200m last year from £1.4bn in 1987 and an average of £2bn in the mid-1980s.

On present trends, the mechanical engineering sector, which was once a cornerstone of Britain's industrial strength, will almost certainly be in the red for 1989, the federation says.

The sector covers a huge range of products from all types of production machinery, some power station equipment and components like pumps, valves and bearings to farm equipment, earth-moving and lifting machinery and some types of engines.

Many of these subsectors, such as farm tractors, maintain a very large positive trade balance and will continue to do so. However, many others have seen their trade balances shrink and are in danger of tipping into the red.

A few subsectors, such as machinery for rubber and plastic processing now run very substantial deficits.

In contrast to general public perception, mechanical engineering has run a trade balance. This balance, through most of the 1980s, has been about as large as Britain's deficit in electronic goods.

The decline has been so marked, however that the EEF predicted in its economic review last September that mechanical engineering could be in deficit for 1988.

That did not happen but looks as if it will this year. "We would expect our next forecast to confirm that," Mr Ian Thompson, the federation's economist, said.

The figures for mechanical engineering are not precise because of difficulties in defining mechanical engineering and because of recent changes in government classifications.

On one set of figures, for example, aero engines are included, which on the basis of 1988 figures would raise the UK's positive trade balance to £400m. However, steam turbines used in power stations where the UK has a positive trade balance are classified as electrical rather than mechanical products.

Mr Thompson said it was possible than Britain had never had a trade deficit in mechanical engineering since modern statistics were collected.

Subsectors in mechanical engineering with substantial trade surpluses last year included small arms and ammunition (£393m), construction and earth-moving machinery (£356m), tractors and farm machinery (£254m), boilers and process plant fabrications (£151m) and machinery for chemicals and food products (£102m).

Those with sizeable deficits included rubber, woodworking and plastics machinery (£145m), and printing and paper machinery (£76m).

Product areas with either small deficits or small surpluses included machine tools, textile machinery and bearings.

Machine tools investment up 22%

By Nick Garnett

THE STEEP increase in shop-floor investment in British factories last year was confirmed yesterday by figures showing growth of 22 per cent in the UK machine tool market in 1988.

Expenditure on machine tools stood at about £805m last year compared with £661m in 1987, according to the Machine Tool Technologies Association, which represents most UK manufacturers and importers.

However, this improved performance followed a disastrous year in 1987, when the UK market actually declined, partly as a result of reductions in capital allowances.

Allowing for the effects of inflation, the UK machine tool market in 1988 was just 2 per cent larger than in 1986.

Over the two-year period, the British domestic market for metal cutting and forming machines has only kept pace with that of France and has slipped farther behind that of Italy.

Italian domestic demand has risen by 25 per cent for two years running and is now 50 per cent ahead of the UK.

The rise in UK demand last year was matched by a steep increase in output by the domestic machine tool industry, which includes a number of large production plants owned by companies with headquarters outside Britain.

Production in the UK last year was estimated at £780m, compared with £644m in 1987, maintaining the British machine tool industry's position as the world's eighth largest.

However, the UK industry improved its position in the league-table of exporters from seventh to sixth place (measured in sterling) just ahead of the US.

Exports from the UK were £386m last year, a rise of 26 per cent over the £306m recorded in 1987.

Britain moved into deficit on trade in machine tools in 1983 and has recorded a negative balance ever since. Imports were up 27 per cent in 1988 to £411m. This gave a trade deficit of £25m compared with £17m in 1987.

These figures tend to flatter the British performance in comparison with some of its machine tool-making competitors, because a large volume of components is imported into the UK for machines assembled in Britain.

Main export markets for UK producers in 1988 were the US (£62m) and West Germany (£40m). Main sources of imports were West Germany (£104m), Japan (£102m) and the US (£48m).

Imports from France jumped from £8m to £15m and those from Taiwan rose from £13m to £17m.

Security checks slow holiday departures

By Lisa Wood

TOUGH NEW airport security checks resulted in substantial delays to flights taking families to holiday destinations from London Heathrow, Britain's busiest airport.

Security was stepped up after official warnings that Arab terrorists might attempt to hijack an American jet in Europe this weekend.

The worst-affected area was Heathrow's Terminal Three, where a particularly high degree of security by both the American airlines and BAA, which runs Britain's top airports, was in operation. Police with automatic weapons were on duty.

The US Federal Aviation Administration in Washington said the alert, reported to concern three Lebanese Palestinians, was sent to airports worldwide.

But in what seemed to be a repeat of the pre-Lockerbie warning controversy, some airlines said they had not received it.

The Department of Transport said of the latest warning: "We don't discuss security matters. We would automatically have anything like this assessed and take any necessary action."

But the ministry is understood to have sent a telex dated March 20 to British airlines about the alert, described by the FAA as "very, very urgent." A warning to British airports probably went out at the same time.

Mr Robert Adley, Tory chairman of the all-party parliamentary tourism committee, said yesterday that claims from Mr John Prescott, Labour Transport spokesman, about the lack of security in Britain's airports had caused "a stampede of cancellations" by American tourists.

Mr Adley predicted that the claims made by Mr Prescott would cost many jobs among those associated with the tourist industry in Britain.

British Airways said yesterday it expected to carry some 200,000 passengers over the holiday weekend, while Thomson Holidays said that it was carrying more than 250,000 holidaymakers.

International flights through Terminal Four at Heathrow have also risen by 12 per cent this weekend, BA added.

On Britain's roads heavy traffic was reported in most areas and early rain brought a spate of accidents.

The northbound carriageway of the M1 was blocked near Hemel Hempstead, Herts, after a seven-car pile-up. Eight people were injured and two cars caught fire. A seven-mile tailback built up as wreckage was cleared.

There were delays of up to 90 minutes on ferry sailings between Dover and French ports because of gale-force winds which also forced the cancellation of all hovercraft flights.

Industrial action by French seamen caused the cancellation of some cross-Channel ferry services yesterday and is likely to lead to further problems over the remainder of the Easter holiday.

Sealink British Ferries, the UK partner in the Anglo-French Sealink service, said the dispute was likely to hit one round trip each day from Newhaven to Dieppe, and two between Dover and Calais.

The French seamen's union is in dispute with the French Government over the proposed privatisation of the state-owned French Sealink company.

Share trader is dismissed after six-figure losses

By Clive Wolman

SHEARSON Lehman Hutton has dismissed one of its share traders after he lost the company several hundred thousand pounds by breaching the company's limits in his holdings of brewery shares.

The losses were incurred by Mr Dan Robinson on Tuesday when the shares in several brewery companies fell in response to reports of the Monopolies and Mergers Commission recommending the enforced sale of 22,000 tied pubs and blocking the bid for Scottish & Newcastle Breweries by Elders IXL.

Mr Robinson, a junior trader, is alleged to have breached several company trading rules, in particular those imposing limits on his exposure to particular shares and sectors and requiring him to report his positions regularly.

Inflation registers biggest annual rise since 1982

By Ralph Atkins, Economics Staff

THE inflation rate rose further last month but could be near a peak, according to official figures.

The annual rate of inflation reached 7.8 per cent in February, up from 7.5 per cent in January, and was the highest since August 1982, the Department of Employment said.

The figures continue the rising trend since the beginning of last year. But the decision of the Chancellor not to increase most excise duties in the Budget is expected to help keep the annual rate near 8 per cent.

Between January and February, the retail price index rose by 0.7 per cent. Slightly less than half of that was due to rises in building society mortgages.

If mortgage interest payments are excluded, the annual rate of inflation accelerated from 5.5 per cent in January to 5.7 per cent in February.

Higher petrol prices are expected to increase the March index, but if other price rises are modest, the annual inflation rate may be little changed.

In April, the annual rate of inflation will benefit from a 1.6 per cent rise in the RPI in the corresponding month of last year. That will have the effect of compressing the year-to-year rate in 1989.

Much of last April's rise was caused by tax changes in the 1988 Budget which added 0.4 per cent to the index. This year's Budget will have a negligible effect.

However, a series of price rises expected from April will maintain the upward pressure on inflation. These include an expected 10 per cent rise in local authority rates which will add 0.4 per cent to the index.

An estimated 11 per cent increase in water authority charges will also add 0.08 per cent to the index.

In his Budget speech, Mr Lawson said inflation would rise to about 8 per cent before falling to 5.5 per cent in the last three months of the year.

The all-items retail price index stood at 111.8 (January 1987 = 100) in February against 111.0 in January. The tax and price index, which takes account of taxation as well as prices, stood at 108.0 compared with 107.1.

Government to toughen rules on waste imports

By Charles Hodgson

THE GOVERNMENT is to ban the import of waste for disposal at landfill sites unless it has first been assessed and properly treated.

Lord Caithness, a junior Environment Minister, told the Lords this week that the Government hoped the bill would be ready by the next parliamentary session.

The announcement came as Labour launched a seven-point plan for stricter control and disposal of waste and to encourage recycling of bottles and other materials.

A Labour government would ban all imports of toxic waste and order the solidification or vitrification of all liquid toxic waste at landfill sites.

Labour's proposals are to be included in its environment policy review package, due to be debated at this year's autumn party conference.

The proposals also envisage funding for a local authority programme to recover chlorofluorocarbons (cfcs) – used in refrigeration and other equipment – for recycling or incineration.

Early 'reshuffle fever' starts to afflict MPs

Philip Stephens reviews the ministerial options Mrs Thatcher may be considering

ACCORDING to those close to the Prime Minister, Mrs Thatcher has not even started to think about it. That has done nothing to discourage the growing "reshuffle fever" among her ministers at Westminster.

With a reorganisation of the Government expected for July or September, the next few months will be crowded with speculative reports over who is set for promotion and who will be dropped.

Few, if any, will represent more than educated guesses. Mrs Thatcher will consult her closest confidants only days before she makes up her mind. But most ministers already have a view on how they, and just as important, their colleagues are likely to fare.

Mr Paul Channon, the beleaguered Transport Secretary, is the focus of the latest speculation. Although he survived Labour's onslaught in the House of Commons this week, there are few in the Conservative ranks who believe that he has earned more than a brief reprieve.

Paul Channon: survival seen as only temporary

That in turn has revived reports that Mr John Major, a rising star as Chief Secretary to the Treasury, would make an ideal substitute. Although Mr Major has kept his thoughts to himself, many of his colleagues cite a list of compelling reasons why he should get the job.

He is clearly due for promotion, needs the experience of running his own department and has the self-confident style needed to react quickly to disasters.

It is a small department and Mr Major might hope for something better – he is tipped as an eventual successor to Mrs Thatcher. But, chaos on the roads, airport congestion and crumbling public transport in London are likely to keep transport policy near the top of the political agenda in the run-up to the next election.

With his Treasury experience, Mr Major would also be the ideal minister to push ahead plans for the privatisation of British Rail and to attract the private sector investment into the transport infrastructure which the Government wants.

The most difficult decision for Mrs Thatcher, however, will be whether to break the logjam at the very top of her Government – by moving either Sir Geoffrey Howe from the Foreign Office, Mr Nigel Lawson from the Chancellorship or Mr Douglas Hurd from the Home Office.

The current betting among Conservative party managers

John Major: seen as ideal replacement for Channon

is that Mr Lawson will want to stay on for at least one more Budget.

Sir Geoffrey is said to retain his ambition to take over from Mrs Thatcher when she eventually steps down, so would be reluctant to move up to the House of Lords, while Mr Hurd would prefer only the Foreign Office to his present job.

No one is certain whether Mrs Thatcher will force a move, but without one she will find it hard to transfer to the Cabinet some of those who have earned promotion.

Mr Peter Brooke, the Conservative Party chairman, for example, is thought to have earned a full place in the Cabinet.

Mr Tom King, the Northern Ireland Secretary, is due a reward for running the province and Sir Patrick Mayhew, the Attorney General, is said to be eager to succeed him.

Outside the Cabinet, Mr Michael Howard at the Department of the Environment and Mr Norman Lamont, the Financial Secretary to the Treasury, are vying for Mr Major's present job. Mr William Waldegrave, a junior Foreign Office minister, and Mr Chris Patten, the Overseas Aid Minister, are also judged ready for promotion.

More than one, however, is likely to be disappointed, particularly if Mrs Thatcher does as some of her lieutenants are suggesting and defers the changes at the very top until the summer of 1990.

EMPLOYMENT

Peugeot Talbot workers accept two-year deal

By Charles Leadbeater, Labour Editor

MANUAL workers at Peugeot Talbot have voted narrowly to accept a two-year pay deal which will increase average earnings by about 17.3 per cent.

The 4,500 manual workers, mainly employed at the company's assembly plant at Ryton, just outside Coventry, voted by 2,249 to 1,942 in favour of the agreement which has been under negotiation since last autumn.

The deal brings to an end this year's round of pay bargaining in the car industry which has been closely watched for signs of an inflationary pay spiral.

It follows a two-year deal of more than 20 per cent for manual workers at Nissan's plant in Tyne and Wear and last week's settlement of the long running pay dispute at Jaguar, the Midlands luxury car maker. Jaguar's 9,000 manual workers accepted a two-year agreement with rises of just under 5 per cent a year.

Peugeot Talbot workers will get a 10 per cent increase in basic rates this year, backdated to January 1, and an 11.5 per cent rise from January 1990.

The deal abolished the company's productivity incentive scheme. More than half the rise in basic rates for 1989 and about a third of the second year rise will come from the consolidation into basic pay of incentive bonus payments.

In response to a rise in absenteeism over the last 12 months, the company has introduced an attendance bonus of £5 a week for this year, and £8 a week in 1990.

Workers will be paid the bonus for full attendance during a working week. Those who fail to attend for a full week will have to report for work for four weeks without a break to requalify for the bonus. In addition, production line workers will be paid an allowance of £4 every four weeks.

The company said absenteeism had risen in the wake of intensive recruitment of young workers to allow the introduction of a second shift, which has increased weekly output to 2,200 cars. The company plans to reach full capacity of 2,500 cars a week this summer.

The workers also agreed to alter the timing of the company's annual three-week summer shutdown to synchronise UK production with Peugeot Talbot's Continental European plants. From next year the annual shutdown will start a week later, from July 30th.

The deal will take the average four-week earnings of a grade B production worker from £679.34 to £740.56 this year, and to £796.92 for 1990.

Employers and Sogat in joint training initiative

By John Gapper, Labour Correspondent

A £50,000 JOINT training initiative for unemployed print workers has been launched by the Sogat print union and the British Printing Industries Federation following the abandonment of a scheme for a national training centre.

The training scheme, under which 40 unemployed print workers are to be given 10 days' training in skills including keyboard work and print finishing, is a rare example of joint union and employer training.

Sogat has contributed half the cost of the training at print colleges in London, Leeds and Glasgow. The rest has been come from Training Agency funding with the BPIF acting as training agent.

The training scheme was set up after a feasibility study found that print employers were not interested in a national training centre. Both sides plan to monitor drop-out rates and whether the trainees find jobs.

Among those being trained are some Sogat members who were dismissed by News International.

● Members of Sogat at a Leicester print company have resisted an attempt to de-recognise it by threatening strike action, according to the union.

It said Hunterprint Special Products had signed a new deal with 47 members of Sogat after they had voted to take industrial action to protect recognition.

Sogat and the NGA are trying to merge, but Sogat has been worried that print companies may end recognition of the union before the merger with the NGA.

Independent journalists oppose end to pay talks

By Our Labour Editor

JOURNALISTS at The Independent newspaper will strongly oppose plans to end the National Union of Journalist's right to negotiate over pay and conditions at the company, Mr John Moore, father of the union chapel at the newspaper, warned last night.

The union chapel on Thursday invoked the formal disputes procedure after the company refused to renew the clause in the industrial relations agreement which commits it to annual negotiations over pay and other terms and conditions.

The company wants to replace annual collective negotiations with a formula, which would deliver an annual rise to cover cost of living, with increases above that awarded by a system of performance related pay. The plan to introduce performance related pay follows similar moves at other national newspapers, including the Financial Times.

The plan to move away from annual collectively negotiated increases, which has been drawn up because of the strain pay talks put upon the newspaper's small management team, is expected to be presented to the newspaper's board within the next couple of months.

Mr Moore said the chapel, which represents 150 of the 240 journalists on the newspaper, would strongly resist attempts to seriously curtail the scope of collective negotiations. However, the chapel was committed to seeking a negotiated solution and would consider the company's proposals.

Revenue to raise recruits' age limit

By Michael Smith, Labour Staff

THE INLAND Revenue is to raise the upper age limit for graduate recruits to the tax inspectorate in an effort to help relieve growing staff shortages.

From October 1, people up to the age of 32 will be eligible for the graduate entry scheme. The previous limit was 26.

The Inland Revenue decision follows growing difficulties in retaining staff because of stiff competition from the private sector.

Resignation rates among tax inspectors grew from 3.5 per cent in the year to March 1987 to 6 per cent the following year.

Teachers tread water as they wait for new schools strategy

David Thomas on the next generation of leaders

ACTIVISTS among the teaching profession make their traditional Easter trek to the seaside this weekend at a time when the influence of their unions is at the lowest ebb for a generation.

In the past, the dearth of news over Easter has allowed the teaching unions to jostle with the Pope for the media's attention, virtually guaranteeing coverage of their conferences.

Yet it is increasingly difficult to believe that many of their debates serve much purpose other than as an annual morale booster for union activists who spend much of the year fighting thankless battles for their members on the ground.

Who will be listening as the conference of the National Union of Teachers, opening in Blackpool today, gets worked up about a page-long motion which culminates in the call for "the widest possible resistance to all attempts to destroy the comprehensive school and the state system of education"?

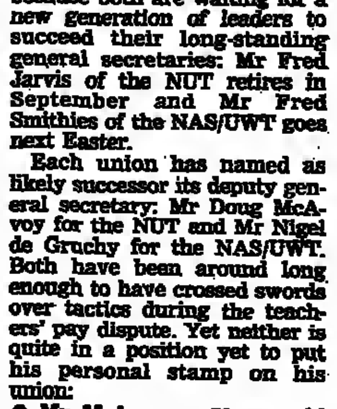
Almost certainly not education ministers, who have called the shots since the end of the teachers' pay disputes in the mid-1980s and the passage of the Education Reform Act.

In the process, they have squeezed out the other two traditional centres of educational power – the local authorities and the teaching unions.

This is not to damn quite all this weekend's debates as pointless.

Dotted around the conference agendas of both the NUT and NAS/UWT, the second largest TUC-affiliated teachers' union whose gathering opens in Eastbourne on Monday, are attempts to come to terms with the changed times – the decentralisation of decisions to schools, the new national curriculum, and the emergence of teacher shortages, coupled with the Government's desire to smooth the path of older people into the profession.

What both unions lack at present, however, is a fully developed strategy to make the most of those opportunities which will open up for teachers and their representatives



Nigel de Gruchy: rests his faith on teacher shortages

as a result of the new educational agenda.

Both unions will be treading water this Easter, partly because both are waiting for a new generation of leaders to succeed their long-standing general secretaries: Mr Fred Jarvis of the NUT retires in September and Mr Fred Smithies of the NAS/UWT goes next Easter.

Each union has named as likely successor its deputy general secretary: Mr Doug McAvoy for the NUT and Mr Nigel de Gruchy for the NAS/UWT. Both have been around long enough to have crossed swords over tactics during the teachers' pay dispute. Yet neither is quite in a position yet to put his personal stamp on his union:

● Mr McAvoy, a 50-year old Geordie, has gone further than Mr de Gruchy in articulating a personal philosophy.

Closely associated with the shift to "new realism" after the mass exodus of members from the NUT during the pay disputes, Mr McAvoy believes "the profession is going to have to come to terms with the consequences of the Education Reform Act."

For Mr McAvoy, that has two inter-related consequences. First, the union must give greater prominence to its views on educational (as opposed to pay) matters like the national curriculum. Only thus, Mr McAvoy argues, will teachers regain public respect, a pre-condition in turn for achieving the pay levels Mr McAvoy believes that teachers deserve.

Second, the union's resources must be decentralised, partly to support NUT members forging closer links with parents on educational issues, but also to anticipate the Government's devolution of many matters, including some pay questions, to schools.

By May, the NUT will have completed a re-organisation which will have almost doubled the resources available to its regions. Yet Mr McAvoy cannot go so fast in his chosen direction that he risks losing support of the union's ruling broad left: as it is, his succession is almost certain to be challenged in a ballot by the hard left.

● Mr de Gruchy, aged 46 and originally from the Channel Islands, is freer from these political constraints than Mr McAvoy, but also seems less inclined to change the orientation of his union.

"New realism to me smacks of throwing in the towel. We don't abandon our principles simply because we have a different Government," he argues.

Mr de Gruchy rests his faith on the growing problem of teacher shortages. "Market forces are turning in our favour. They're taking our industrial action for us: schools are having to send children home, because of lack of teachers, just as they used to during the industrial action."

Yet despite these punchy words, Mr de Gruchy, recognises some of the same pressures as the NUT. The NAS/UWT has started training its school representatives for a heavier negotiating role under the decentralisation process and is also strengthening its regional organisation.

One pressure which Mr de Gruchy will always resist is that for a merger with the NUT, a hardy perennial at their seaside deliberations. The chances that the two unions will ever get close enough to need to sort through their differences were considerably reduced by Mr de Gruchy's nomination as NAS/UWT general secretary designate.

FINANCIAL TIMES
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Saturday March 25 1989

Soviet-styled democracy

THE ELECTIONS tomorrow for a new-style Soviet parliament – the Congress of Deputies – have offered the world an astonishing spectacle, some aspects of which have been exhilarating and others intensely disappointing.

Mr Mikhail Gorbachev, the Soviet leader, has not fulfilled all the promises he made on giving the people a greater democratic voice in the running of the country. As much as one quarter of the 1,500 seats in the new Congress will be uncontested, and the rigging of candidatures by both the central and local Communist Party organisations has been there for all to see.

Perhaps expectations in the West have been too high. There is no way in which a state like the Soviet Union, in which freedom of expression and other human rights have been suppressed for 70 years, could possibly be turned into a Western parliamentary democracy almost overnight. Mr Gorbachev faces an entrenched Party apparatus with every intention of holding on to its privileges and a body of conservative opinion which is much more deeply-rooted than generally imagined in the West.

That said, there is much to rejoice about. In spite of Western scepticism about Mr Gorbachev's real intentions, the Soviet leader has gone a long way to demonstrate his good faith. The achievement of organising even a flawed democratic election in a country which has known only autocratic government throughout almost its entire history, is immense.

The fact that thousands of Muscovites were permitted to march through the streets of the city carrying banners in support of the arch reformer, Mr Boris Yeltsin, ousted from the Moscow Party leadership and the ruling Politburo less than 18 months ago, was unprecedented. Such a demonstration would have been unthinkable in Brezhnev's time or even under Khruschev's more flexible regime.

Political demonstrations

Even more important, however, is the lack of fear with which the Soviet people are now taking part in political demonstrations and expressing their opposition to official policies.

The fact that they can do so without apparent risk of retribution is a sign of real progress towards a more open society. Barring the return by force of a Stalinist dictatorship, it seems inconceivable that the Soviet people would give up even their limited taste for democracy.

One of the most encouraging signs of this nascent democracy was the defeat by the rank and file of the attempt by the conservative leadership of the Academy of Sciences to present a list of safe Communist Party supporters. It now seems certain that Dr Andrei Sakharov, the one-time dissident physicist and Nobel Peace Prize winner, together with other leading reformers, will be elected.

The candidate-rigging in many regions of the country has been offset by the pluralistic example set by the Baltic Republics of Estonia, Latvia and Lithuania, in all of which Popular Front candidates are threatening the positions of official Communist Party representatives.

Debating chamber

It is probable, therefore, that a sufficient number of reformers will be elected to the umbrella Congress to transform the new-standing Supreme Soviet, which the Congress is due to elect, into a much more genuine political debating chamber than the former rubber-stamp parliament. The danger is that the new institutions, because of the way the elections have been organised and rigged by the Party, are unlikely to function as foreseen by Mr Gorbachev.

The original idea was that the new parliament and local soviets should be given day-to-day responsibility for running the economy, leaving overall policy decisions to the Party. That would have made the Supreme Soviet into the main instrument for implementing economic perestroika and allowed it to act as a counter-weight to the entrenched and inert forces of the party and state bureaucracies. As it is, the Party representatives are still likely to reign supreme after Sunday's election.

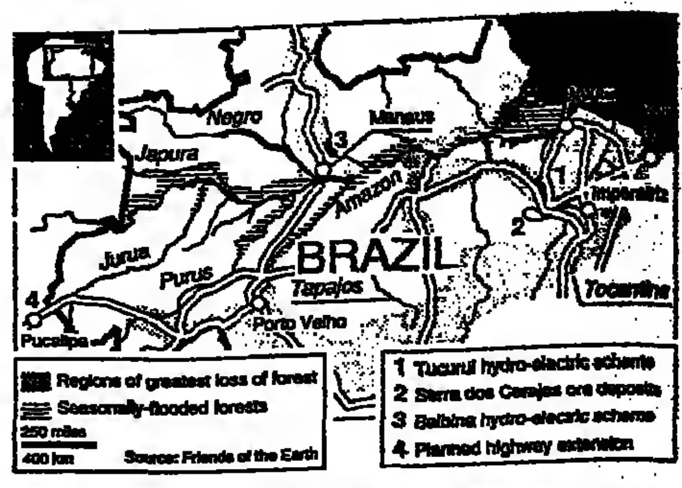
It can only be hoped that the voices of the reformers – and there are some impressive speakers among them – can overcome the handicap of numbers.

For the huge legislative programme which the new Supreme Soviet will have to deal with, ranging from economic to constitutional and judicial reform, cannot be delayed if Mr Gorbachev's disputed position is to be assured.

While the election of a more representative Soviet parliament must be welcomed, it is yet unclear whether it can bring about the changes in the Soviet economy and society which enlightened Soviet experts, as well as Western observers, consider necessary.

Ivo Dawnay reports on Brazil's reaction to outrage over ecological destruction in the Amazon basin

A smouldering anger hangs over the forest



The vast pall of hot air, hypocrisy and dubious statistics that now hang over the debate on the future of the Amazon may be as hazardous to the world's ecological health as the forest fires which provoked the uproar in the first place.

For the more the green lobby has succeeded in generating international outrage at senseless rainforest destruction, the more the Brazilian government protests its sovereign right to send bulldozers, penniless immigrants and the bric-a-brac of modern civilisation where it pleases.

If the issues could be disentangled, both sides' protests would be right. But until megaphone diplomacy, conducted at cross purposes, gives way to rational debate, the Brazilian government – currently apoplectic over talk of "internationalisation" of the region – may be tempted to ignore genuine conservationist concern altogether.

It is easily forgotten in the new environment-conscious climate, that up until very recently Brazil was criticised for *under-exploiting* a resource that covers 45 per cent of its poverty-stricken territory. Those attacks persuaded President Emilio Medici, with the world's approval, to build the Transamazonia highway in the mid-1970s to open up "a land without men for men without land."

Thanks to the ecologists, that developmentalist pressure has now a counter-balance in the thousands of protest letters that have flooded into Brazilian embassies. In a matter of months, the government has been forced to launch a new conservation programme and to rethink its development strategies.

But the green ascendancy has also sparked a dangerous xenophobic backlash which argues that the developed world is ordering Brazil to sacrifice its own future in the global interest. Prodded by the dramatic photography and simplistic reportage of colour magazines and television, the developed world's vote-conscious politicians have announced a new age of ecological imperialism.

This year alone France's President François Mitterrand (whose own government was involved in sinking an unarmed ecologist boat in foreign waters) has called for international controls on the Amazon. In the US, which in 1987 accounted for 23 per cent of total world's fossil fuel consumption, Senator Bob Kasten has declared that "when the environment's in play . . . national frontiers are irrelevant."

At a rally in Brazil itself, a group of foreign ecologists and media personalities declared themselves committed to fight a dam project that would provide very cheap electricity at minimal environmental damage for a country already undergoing an energy crisis.

Nations that have chopped down their forests or wiped them out with acid rain, and that have grown rich on the exploitation of other countries' natural resources are now using Brazil as their whipping boy, argues Mr Paulo Tarso Flecha de Lima, the head of the Brazilian Foreign Ministry. "Nobody has approached us on a friendly basis," he adds. The criticism "is arrogant, presumptuous and aggressive."

But if Brazil must learn now to play the ecological game, many greens have yet to accept that preserving the Amazon untouched as some kind of ecological Disneyland is not an option. The interests of the estimated 90m Brazilians living in conditions of abject misery are one example. Further population growth, expected to rise from 145m to 207m by 2010, is another.

Under these circumstances, efforts to boost mineral exploration, hydro-electric power and at least some farming are inevitable activities in a still half-discovered country where 2m jobs and $12bn (£6.9bn) in debt interest has to be found each year.

Yet as a consequence of the furore, the World Bank and the Inter-American Development Bank now all but publicly admit that they have called a moratorium on any lending to environmentally (that is to say, politically) sensitive projects – largely for fear of green electorates that threaten their paymasters.

If the Brazilians' case on sovereignty is hard to dispute, however, concern over the Amazon rainforest seems equally justified. "The attack on Brazil has been appallingly savage and hypocritical," one foreign diplomat said last week. "Nevertheless, it has to be said that their record is atrocious."

One problem in convincing sceptics is that – as with any genuine wilderness – facts are hard to separate from hearsay. Despite satellite technology, nobody knows even the true size of the forest. Estimates vary from 5m sq km to half that. Claims that clearance invariably produce useless soils for farming are a gross generalisation – the region is too heterogeneous.

So just how serious is the rate of forest destruction? It is a peculiar irony of the situation that only the very emotional or very prejudiced claim to know for certain.

According to Mr Joao Alves, Brazil's interior minister, only 3 per cent of the original primary forest has been lost. But the most conservative scientific analysis estimates that the it is at least 8 per cent, while the government's own space research institute, INPE, suggests a still higher figure. Dr Philip Fearnside, based at Manaus's Amazon research institute, INPA, offers a lesser figure of 200,000 sq km for 1987 destruction – an area roughly equivalent to the Netherlands and the same as burning a football pitch every five seconds for a year.

Furthermore, there is plenty of empirical evidence that the Brazilian government has until now treated the region as if were an infinitely exploitable resource. In Rondonia, the far western state, vast immigrations of subsistence farmers were encouraged by free plots to devastate land wholly unsuited to farming. The Balbina dam, north west of Manaus – the Amazonian capital – has flooded thousands of square kilometres for a puny 250-megawatt payoff – not enough even to meet local demand. And to the south east, the Carajas iron-ore scheme has towed in its wake pig-iron plants with export incentives where the only fuel is wood torn from the rainforest itself. Across the region, cattle barons have won tax breaks to plow up forest while up to a million uncontrolled gold miners poison rivers with tonnes of mercury.

Some of these past mistakes are now being put right or at least learnt. But a whole sheaf of fiscal incentives to forest destruction is still in place. Moreover, many senior officials seem still unconvinced that full-blooded, rapacious development of the region would have any significant negative impact either on the climate or national interests.

The current development strategy is to encourage large-scale immigration to the regions to the south and east of the rainforest for a major new agricultural development drive. A road route from the western Amazon to the Pacific coast is also planned.

For some ecologists like Dr Jose Lutzemberger, a former scientist from West Germany's BASF turned award-winning ecological campaigner, the outlook is apocalyptic. He argues that reduction of the forest's critical mass may already be enough to have provoked a biological and climactic chain reaction. "Since the rainforest makes its own climate, if we destroy a sizeable chunk of it – say 30 per cent – it is quite possible that the whole thing will collapse. Once that process begins, it is too late to do anything."

Professor Eneas Saladi, an internationally respected hydrologist and climatologist, avoids such hypotheses, and heavily emphasises the lack of knowledge about the region. But then he adds: "What we do know is that the area is very strong at recycling water and if you change the forest you change the water and heat cycles." Five years research in the region south of the main Amazon belt has shown that north to south flows of water vapour are falling, suggesting that a drier climate is already emerging.

Spurred by the international outcry, the Brazilian government has now launched an ambitious package of measures to tackle the criticisms. Entitled "Our Nature" – more evidence of the paranoia over sovereignty – it promises comprehensive new research, educational programmes and forest policing, among other intelligent and desirable measures such as the commissioning of the Food and Agriculture Organisation (FAO) to create a new soil map. Cattle-ranching incentives and the banning of unprocessed wood exports have also been suspended, though, inexplicably, only temporarily.

Yet the suspicion that these are merely cosmetic gestures is widespread – and for good reason. Commitments to ecological education ring hollow in a country where 28 per cent of the population is illiterate. Reforestation sounds improbable when there is cash only for 500 officials to police as many million hectares from further attack. And promises of fresh scientific studies are simply bizarre when made in conjunction with a $10m cut in the budgets of the two major Amazon research institutions.

President Jose Sarney is said to be planning to spend $3m to invite leading international political figures to Brazil to hear the country's plans. Such contorted values confirm the suspicions of the greens that Our Nature is merely bungled public relations. Mr Amazonino Mendes, the Amazonas state governor, said recently that the lack of resources means that Brazil must look abroad for help, a move that it has refused to contemplate if strings are attached. "There is no money," the governor pointed out. "We must have funding from abroad. And it is only normal that those who give the money should have the right to monitor how it is spent in the same way as the World Bank looks after its loans."

National pride is now a major factor in the Amazon region's survival. As politicians in the developed world have, in effect, cast a vote of no confidence in Brazil's ability to manage its rainforests, Brasilia is ignoring a God-given opportunity to appeal to potentially sympathetic electorates over their leaders' heads.

For the debt and ecology issues are linked, at least in so far as poverty and the demands of debt servicing are a major factor in the Amazon's destruction. The Brazilian government has rejected the redemption of debt for the creation of ecological parks on the grounds that this would mean surrendering territor y to foreign supervision. Much more feasible, acceptable and appropriate than debt-for-territory would be to convert debt to provide the funds for vital activities such as forest policing, research and carefully managed development. If Brazil were to harness world public opinion, the industrial powers with their own poor conservation records could be forced to respond.

Ironically, the greatest barrier to such funding from abroad is likely to come from radical ecologists whose calls for a total moratorium on development in the region have already left big lending institutions terrified of any fresh commitments to the region. Consequently, those best equipped to ensure that cash is intelligently spent will come under fierce pressure not to endorse the spending of any at all. It is arguably more development – organised, rational, and pragmatic – that Brazil needs, not less.

MAN IN THE NEWS

Bob Smith

Bringing the drive of profit to Europe's Airbus

By Guy de Jonquières

The way Bob, Smith sees it, he could hardly have had better preparation for his new job as first-ever finance director of the European Airbus consortium. He has held the equivalent position at Royal Ordnance since it was pushed abruptly into the private sector when the Government sold it to British Aerospace (BAe) two years ago.

"I see great similarities between the two jobs," he says. The essence of the challenge is to take an organisation accustomed to a sheltered public sector existence and instil in it a commercially accountable, profit-driven culture. "I've seen things change at BAe and Royal Ordnance as the disciplines of the market have been brought to bear. I expect it will be the same at Airbus Industrie."

The 44-year old Bob Smith is little known outside BAe, for which he has worked since the group was formed out of a government-inspired merger in 1977. However, his contribution to the strong recovery at Royal Ordnance, coupled with his obvious enthusiasm for the virtues of private enterprise, quickly brought him to the attention of his namesake, fellow Yorkshireman and BAe's chairman, Professor Roland Smith.

From the chair at BAe, the elder Smith has been an outspoken critic of the financial and management weaknesses of the loss-making Airbus, in which his company has a 20 per cent stake. "Loose-limbed and unaccountable" was one of his kinder comments about the four-nation venture. His verbal broadsides have not made him popular with other members of the consortium. But in the end, he has got his way.

After almost a year of tortuous negotiations, Airbus governments and partner companies confirmed the younger Bob Smith's appointment this week as part of a management restructuring intended to place the 20-year-old venture on a firmer commercial footing and pave the way for profitability some time in the 1990s.

Bob Smith has known since August that he was in the running for his new position. However, he has so far paid only flying visits to Airbus Industrie's Toulouse headquarters, where he will take up his new duties next month. He expects it will take two to three months of fact-finding to familiarise himself with the operations of the consortium.

At this stage, he is cautious about setting a firm timetable for action. "It's a new job in a rapidly changing situation," he says. "To start making forecasts about where we will be after three months, six months or a year is not realistic."

None the less, he has no doubt about the direction which he hopes things will take in the longer run. Ideally, he would like to see Airbus privatised. "I would personally find it an exciting prospect to be involved in the first proper European flotation," he says.

That, however, lies in the far future and will depend, among other things, on Brussels legislating to create a suitable European company statute. More immediately, Smith's priority will be to install proper management information systems, which he regards as an indispensable lever for effecting change in any business. "You have to generate management information so that you can actually influence decisions and not be constantly looking back at the past."

At Royal Ordnance, he says, such information began flowing six months after he moved in. At Airbus, though, he faces an altogether taller order. For a start, its finances are a black hole, and controls over them virtually non-existent. The only thing known for sure is that it is making a loss. How big a loss, and exactly where it arises, is anyone's guess.

Airbus Industrie's own annual accounts, which are not published, record little more than cash received from sales and paid out to its shareholders and contractors. Apart from BAe, these are Aérospatiale of France and Messerchmitt-Bolkow-Blöhm (MBB) of West Germany, each with a 37.9 per cent stake, and Casa of Spain with 4.2 per cent.

The four companies keep financial details of their involvement in the programme secret from Airbus Industrie and from each other. Development and production contracts are divided between them loosely in proportion to their Airbus shareholdings. Since they do not compete for the same work, there is little in the system to exert downward pressure on prices. Indeed, there have long been suspicions that the companies inflate the prices they charge Airbus Industrie individually as contractors, in an effort to offset the common losses on aircraft sales which they incur as shareholders.

In the past, Airbus Industrie has been powerless to impose any discipline on this cosy system. Under the new regime, Smith will have the authority to require the companies to open their books. However, it remains to be seen what use he will be able to make of the information he is given, since he will be allowed to share it only with Mr Jean Pierson, managing director of Airbus. That may limit the scope for putting pressure on any contractor whose costs and margins are found to be seriously out of line.

Smith is still uncertain how the arrangements will operate in practice, but acknowledges that the unusual dual role of the Airbus partner companies poses a problem. The solution, he believes, must be to move towards arrangements which require them to compete harder for Airbus work.

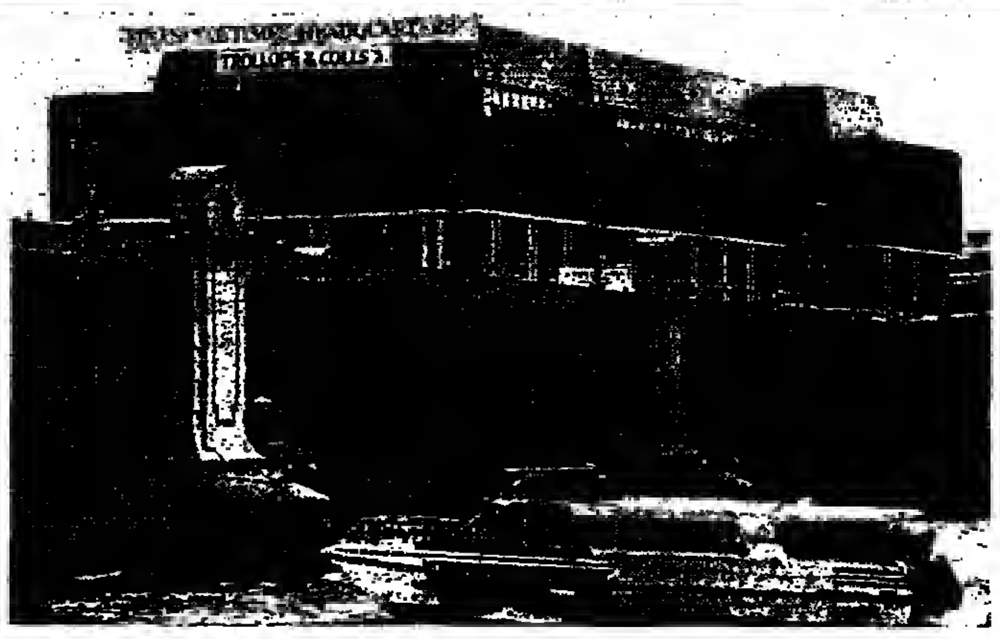
A first step in that direction was taken last week, when the Airbus supervisory board agreed to a new tendering system for a proposed "stretched" version of its successful A-320 airliner. Instead of sharing out the work between themselves, as in the past, each of the partner companies will have to tender competing bids for the entire project.

Smith believes pressures from inside the consortium to make it more commercial will continue to grow. "I think the wind of change is blowing through the whole organisation," he says. In his quest for increased efficiency and better financial performance, he can undoubtedly count on robust support from BAe's chairman.

But if Smith the elder keeps up his public sniping at Airbus, how will Smith the younger react once he gets into his new job? "I'd hate him to be making those sorts of statements in a year or two's time," says the latter. "Then I would know that we had totally failed."

Paul Cheeseright on the story of the site for the FT's new offices

From EC4 to SE1



Bankside, the property people called it. That site on the south side of the Thames between Southwark Bridge and Cannon Street railway bridge, looking at, but still not part of, the City of London. They still do when they fall to reminiscence.

Tony Clegg traded that once, didn't he? they say. Or, Stuart Lipton – that was one of his. Didn't European Ferries have something to do with it at one stage?, they'll suggest. Of course, they conclude, when the penny drops, that's where the Financial Times is going – lovely deal for David Goldstone.

In fact, the Financial Times has gone. The last stages of the paper's move to Bankside began last night, taking the paper across the river from London's EC4 postal district to SE1. They marked the end of a property saga which had lasted for over 20 years. There is a direct line between Laing Developments and Legal & General, with their plans for the site in the late 1960s, and the building into which Financial Times is moving.

That line is provided by T.P. Bennett, the architects. They were there on Bankside with Laing; they are still there supervising the construction of the building next door to the FT, soon to be occupied by Lloyds Bank. Duncan Cardow, as a young architect of 24 at Bennett, first went on to Bankside in 1969. He has been going there ever since.

Through Bankside he has had a mirror on the property industry, its rise and fall and rise. He has watched a marked shift in attitude among the planners – "the bulk of the 1970s disappeared in planning arguments," he recalls. He has seen changes in environmental attitudes and in the sort of space office which occupiers now want.

In the 1960s, the Bankside site was indeed derelict, a clutter of warehouses built for riverborne traffic that had long since disappeared. Then it did not seem odd that they should be demolished and replaced with something else. Arguments would be about how the land should be used. Nowadays there would be a tendency to keep them and convert them into bijou flats or offices.

Laing Developments, then a wholly-owned subsidiary of Laing, the construction group, saw Bankside as a natural extension of the City. "But it was an idea before its time. Only in the last five years has the south bank taken off," commented Alan Hood, 20 years ago a director of Laing.

And Laing, with Bennett, also envisaged a building with large open floors. That flew in the face of the accepted wisdom of the times – the desire for space to be split into little offices. Only during this decade have developers, responding to the needs of financial institutions, adopted what property people call large floorplates.

Laing nursed the site between 1968, when it first started discussing development proposals with the Southwark Borough Council, the local planning authority, until 1975. It sought to bring under its control the interests of different landowners – Courage, the brewery, the Cordwainers, a City guild, the City Corporation itself – so that it and the Legal & General could control the whole of the stretch of land between the two bridges. It was never wholly successful. But above all, Laing's problems were with the planners.

"Now, whatever their political persuasion, the planning authorities do try to make things happen. In those days they seemed pleased to see very little happening," remembered Mr Hood.

Geoffrey Glover, one of his successors at Laing, recalled talks with the Southwark Borough Council during the power cuts of 1974, when the Council went out and bought a couple of fog lamps from Halfords, and ran him through a series of questions about the project which were "like being given the third degree in the Kremlin."

From the earliest days, Laing had envisaged an office block on the site, then as now the way to create commercial value. It was other uses that caused the problems. At various stages there was going to be a theatre, then a nurses' hostel, then housing. At each stage T.P. Bennett redrew the plans.

But when Southwark eventually agreed on housing, the Greater London Council, whose approval was needed for any development involving more than 25,000 square feet of offices, objected. The matter was fought successfully through a planning appeal.

By then, in 1975, the tide had run out for Laing. The market was reeling after the 1974 crash. Legal & General had lost interest in providing finance for its scheme.

The property arm of European Ferries bought the site, tidied up the land ownership and began to exploit the planning gain handed on by Laing. Construction started – and the foundations for what is now the FT building were laid.

But the property interests of European Ferries were bought out by Stuart Lipton's Stockley in 1985. Mr Lipton had grander ideas for the site than those passed on from Laing, and temporarily broke the link with Bennett.

Not for long. The property passed from Stockley into the hands of Tony Clegg at Mountleigh and, as was his wont, he sold it quickly at a profit to Regalian, headed by David Goldstone.

Mr Goldstone did two things. He rapidly resumed construction where European Ferries had left off, again using T.P. Bennett. He negotiated with the Southwark Borough Council the deal for which Laing would have given its eye teeth. He reached an agreement to build houses for the Council further back from the river, leaving space for a second office block. That is as good an indication as any of the change in attitudes occurring towards planning.

While Laing was foiled by the movements of the property market, leaving the field with its costs covered but not much more, both Mountleigh and Regalian were able to run beside rising prices. For £74.4m Regalian sold the first of the two office buildings to Pearson, for the FT headquarters, at the middle of the property bull market. It realised Laing's forgotten dream.

Richard Tomkins asks pub landlords how they will fare under this week's brewing reform proposals

Down at the new Bull and Bush

This weekend, as you prop up the bar of your local quaffing a pint of foaming ale, do the landlord one small kindness: resist the temptation to explore the ramifications of the Monopolies Commission's report on the brewing industry, published on Tuesday.

Chances are that you will be only the latest in a long line of tap-room pundits to air your views on the report's implications, and in doing so you are unlikely to dispel the cloud of uncertainty created by the sweeping changes proposed.

As befits a social class working in an institution as ancient as the pub, Britain's landlords are a traditional lot. The tied house system that binds landlords to brewers dates back as far as the 18th century, so it is not surprising to find that the Monopolies Commission's attack on the system has left publicans divided and confused, and often downright hostile.

Pubs and hotels in Britain fall into three main categories. Managed houses, numbering 12,800, are wholly owned by breweries, and their staff are waged employees of the brewing company. Tenanted (or tied) houses, numbering 32,300, are still owned by the brewery but are rented to the publican, who earns his living from the retail profit. Free houses, numbering 37,700, are independent.

The Monopolies Commission wants to break the cosy links between breweries and pubs by putting a ceiling of 2,000 on the number of pubs a brewery can own. It also wants tied houses to be able to sell at least one draught beer other than the brand supplied by their proprietors, and hopes to abolish so-called free trade loans – cheap loans which brewers give to free houses in return for a commitment to take their products.

The idea is to widen the choice for customers by spreading the ownership of pubs more evenly and increasing the range of beers they stock. More competition will also mean lower prices, the commission believes.

It sounds appealingly simple – and deceptively so, according to many landlords.

Easily the greatest uncertainty rests with the future of pubs sold off by breweries with more than the 2,000 limit. It is not clear just how many pubs will be sold off – but there may be fewer than many in the industry expect if the beer groups choose to sell their breweries rather than their pubs.

If there is to be a big sell-off, however, managed house landlords are fairly relaxed about the idea. Theirs are the most profitable pubs and are most likely to be the ones retained. Tied house tenants of big breweries, however, face the possibility of an uncertain future under new ownership.

Some see this more as an opportunity than a threat because they believe the sell-off will give them the chance to buy out their pub and set up on their own.

"That's what I'd be thinking of," says one Birmingham landlord. "Up till now they'd only sell what's not much cop, but if they're having to sell them all at once, it'll be a good price."

And Mrs Pam Mitry-Goldberg, landlady of the Dog & Pheasant in Headless Cross, Worcestershire, sees the proposal as an opportunity for people like herself who are trying to build up a small "estate" (chain of pubs). Her company, the Original Pub Company, has already taken on three pubs on 20 year leases from Grand Metropolitan, and she may consider taking on more through outright purchase.

"My own feeling is that, rather than losing total control over the houses they sell, brewers will try to retain an interest in them by becoming equity partners with companies such as ourselves and selling blocks of pubs to them," she says.

But Mr Reg Jackson-Cox, tenant of Ye Olde Black Cross Inne in Bromsgrove, Worcestershire, and chairman of the local Licensed Victuallers' Association, believes people are over-optimistic about the sell-off. Many tenanted pubs are simply unviable, he says; the brewers have only kept them open to stop the competition getting in.

Even profitable tenancies could struggle under private ownership, he says. A small one might cost upwards of £200,000 at today's prices. At a conservative 10 per cent interest rate, the debt would cost £20,000 a year to service – more, in all likelihood, than the tenant is already paying in rent.

"I'm sure the proposals will bring an advantage to the general public in that the price of beer will come down, but the number of outlets providing it will be drastically reduced," he says.

"The fact is that we have too many licensed outlets for the volume of trade available in Britain, and it is going to be very hard times for people who find themselves not just without a business, but also without a home."

Mr Mark Meades, manager of the Coach & Horses in Weatheroak, Worcestershire, faces a different problem. As the owner of a free house, he has received cheap loans from the breweries which he has ploughed into extensions and improvements. About £80,000 is currently outstanding, most of which consists of barrelage loans that reduce every time he sells a barrel of his creditor's beer.

Those loans will be allowed to run their course, but if the commission has its way, there will be no further ones. Will it affect him?

He is deeply cynical about the likelihood of any real change. "We'll get by without the loans because the breweries will get round it some other way," he says. "They have to offer incentives because they have to get the beer in, so they'll just discount the beer more or strike off deals in other ways."

He is more nervous about the thought of an increased choice of beers at other pubs challenging his own range of nine real ales. Other publicans' views, however, suggest that the "guest beer" proposal put forward by the Commission could turn out to be a damp squib.

Back at the Dog & Pheasant, for example, Mrs Mitry-Goldberg dismisses any notion that guest beers will be quality regional ales supplied by Britain's smaller brewers. Instead, she says, the market will be flooded with cheap Continental beer.

"Let's face it: a landlord runs a pub to make as much money as he possibly can," she says. "If he can buy a foreign product, and if it's cheap enough, and if it will sell, then he will sell it, because it makes a bigger profit. It's as simple as that."

Some disagree. Mr John Hughes, proprietor of the 100-year-old Sarah Hughes brewery in the Black Country town of Sedgley, welcomes the idea of introducing his beer to a wider audience, and publicans say beers such as his sell well. But Mr Hughes acknowledges that, like other small brewers, he simply does not have the capacity to meet a significant increase in demand.

And traditionalists who are already selling a good beer do not want another in the house in any case, says Mr John Crabb, landlord of The Mug House in Claines, near Worcester – a tenanted house owned by Wolverhampton & Dudley Breweries, maker of Banks's ales.

"If I was to put in something like Boddington's in here, it would kill the place because everybody knows it's a good Banks's house," he says. "I already sell a good traditional ale, and people are happy with it, so why should I change?

"If I had to put another beer in, then I would, but it probably wouldn't be on. I mean, the pump would be there, but you'd be wasting your time if you asked for it."

LETTERS

Entente Cordiale in the air

From Mr D.A.A. Fagandini.

Sir, You refer to the likely conclusions of the Commons Select Committee on Transport (March 21): additional airport facilities in the south east of England will soon be unavoidable if the ever-expanding traffic is to be properly handled.

Has there been any lateral thinking on this issue?

The Pas de Calais is recognised as lightly populated. Property values are low in UK terms. French local authorities are anxious to promote economic activity. The Channel Tunnel will be open in five years time.

In Kent, population density is high; reflected in property values. Opposition to large scale development there and throughout the south east is fierce. People will suffer major civil engineering projects only under protest. While the interests of the whole country must be taken into account, the fact is that further development of the south east, of whatever merit, is not a popular cause anywhere in the UK.

The high-speed link will get passengers from Calais to central London in less than an hour in 10 years time. The air traffic problem has therefore an alternative solution. Another Thatcher-Mitterrand scheme is required to persuade the private sector – BAA included – to construct an Anglo-French airport close to Sangatte. It would take 10 years to plan and build. By rail, airport passengers would then reach the centres of London, Paris and beyond, no less expeditiously than from present national airports – whatever improvements may be made to internal links in the meantime.

European air traffic for France and the UK would converge onto the new facility. Its airspace would be managed by Eurocontrol. West Drayton would deal with the equally fast-growing long-haul traffic bound for London. Heathrow would relax, and the people of Gatwick, Stansted and Luton would sleep more soundly in their properties.

Might there be a political backlash? Possibly the idea of a Franco-British airport might take some getting used to. That is not a good excuse for continuing to think in one direction only.

D.A.A. Fagandini,
6 Alleyn Park, SE21

What matters is the EC will to succeed

From Mr Fred Tuckman MEP.

Sir, Richard Cottrell (Letters, March 20) answers the wrong question. It is not whether the European Community (EC) will succeed – rather, how can we ensure that it does?

He stresses the costs of agriculture. The farming problem is similar to the receding tide. Farmers are voting with their feet: even in France less than 8 per cent of the population now works on the land compared with 18 per cent 15 years ago. As to subsidies, it is all the same to consumers whether these are taken out of national or EC funds. I know of no major country without some form of food subsidies.

And farming is not the only sector with support: the textile industry is sheltered by a voluntary restraint against low cost producers (MFA); while coal, rail and shipping are also subsidised. We have to get all these on a commercial footing.

The argument is actually on two levels. Ostensibly it deals with a mix of fact and assumption, but the underlying tone is hostility to adventure, supported by all of the member state governments and by every one of our Parliamentary parties. Britain has often seen its best minds deployed to destroy: easy, that. Without a strong European connection, we have only a shrinking commercial future. Cecchini made quite clear that the will to succeed is a more potent factor than any calculation of statistical likelihoods.

Of course there is much disagreement on the shape wanted for Europe. That cannot be decided yet: it is up to a younger generation. But we could so easily pre-empt their choice by being destructive. A poor Europe is not a player; it is a non-Europe.

I am heartened that the letter appears to appoint me (honorary) press and publicity officer for the EC. Will Jacques Delors please ratify?

Fred Tuckman,
6 Cumberland Road, SW13

'Best advice' problem in estate agents

From Mr Kevin McGarry.

Sir, Thank God that someone is at last speaking out on the situation in estate agents, a result of the Financial Services Act (FSA). I refer to the Law Society's "concern over . . . the progressively deteriorating position of buyers and a 'Mad Race' by financial institutions to purchase firms of estate agents" (FT, March 14).

As an independent broker working within an estate agent in West London I find it appalling that an act brought onto the statute book to protect consumer rights and make "best advice" easily available has had the opposite effect. As large financial institutions rush to "tie" the various estate agents to their particular product, the number of high street outlets offering independent advice is rapidly dwindling.

It is easy, especially for a first time buyer, to enter an estate agents to buy a property, and use the "in-house" financial services. That this is "best advice" in terms of all the options available is contradictory.

The new disclosure of commission amendments which will no doubt be added to the FSA will also impede the independent: it is being proposed that the independent must disclose the exact amounts of commission it is getting. In effect, a tied agent can earn 30 per cent more in commission from the life company for selling exactly the same product which is available from the independent agent.

Surely that represents an "inducement" to sell one particular company's product. Why – when an independent broker can be deemed as not giving best advice for commission reasons only – can large building societies and estate agents be allowed to "tie" to one life company for what appears to be the same reason?

By all means let disclosure of commission be standard practice, but throughout the whole industry, and to the same degree.

Kevin McGarry,
Bigmore Associates,
Roper Son & Chapman,
16b High Street,
Hounslow, Middlesex

'Forget a land tax . . .'

From Mr Giles Keating.

Sir, The old orthodoxy of the "tax advantages to owner occupation," used by John Muellbauer (March 20) in his proposal for a tax on land values, looks rather threadbare.

Mortgage interest relief is now of limited importance in the wealthier parts of the UK, although it continues to support housing in the least prosperous regions. The other two major tax breaks for owner occupiers are the capital gains tax (CGT) exemption and, once rates are abolished, the lack of any tax on the "running yield" of a house – that is, on the benefit of occupying it.

Following recent budgets, savers have a range of financial instruments offering the same or better treatment. They can put £4,800 annually into personal equity plans (PEPs), 15 per cent of gross income into FSAVCs (free-standing additional voluntary contributions), and at least that into their pension, and £2,400 or more into high-yielding National Savings products such as the Yearly Plan.

Moreover, for most people the CGT exemption on first homes is not generous compared to the CGT treatment of financial assets. Gains on a financial portfolio can be realised annually, thus utilising the annual exemption limit. By contrast, partial disposals of a house are impossible. A portfolio of financial assets worth £175,000 and giving a real yield of 2.8 per cent would incur no CGT liability provided £5,000 of gains were realised annually, while a house of the same value would occur a substantial tax liability on disposal, were it subject to CGT. Second homes already suffer from this. The CGT exemption on housing is distortionary only because it has no upper limit.

Moreover, stamp duty is levied at 1 per cent on the whole value of houses purchased for more than £30,000. Equities are subject to 0.5 per cent; gilts and other bonds are exempt.

The solution is clear. Forget Mr Muellbauer's proposed land tax. Instead, scrap stamp duty on house purchases and balance that with the imposition of CGT on the value of houses over, say, £500,000. Or (more elegant but more complex) replace the blanket exemption by an accumulating annual housing exemption of, say, £10,000.

Giles Keating,
Crédit Suisse First Boston,
2a Great Titchfield Street, W1

From Mr S.L. Bond.

Sir, An important premise in John Muellbauer's argument (March 20) for a tax on land is that imperfections in the residential property market distort the economy, and these imperfections – largely caused by the tax system – are currently being increased. A rational approach might begin by whittling away at the tax distortions. But a tax on land values has certain attractions.

The surprising thing about Mr Muellbauer's proposals is that the tax should be limited to property which is actually or potentially used for residential purposes. If one also aims to encourage efficient development of underused resources in inner cities and to counter regional imbalance, it follows that a tax on land values should include non-residential property which is actually or potentially used for commercial and industrial purposes.

S.L. Bond,
1 Lynton Green,
Maidenhead, Berkshire

From Mr David Redfearn.

Sir, John Muellbauer (March 20) takes the poll tax for granted, although the multiplication of different sets of tax-gathering machinery does not make administrative sense.

Moreover, galloping land values do not make for easy assessment; so the initial rate should be high enough to discouraged speculative holding immediately. 1 per cent is not enough. (This lesson may be learned from the economic survey, Japan (OECD, 1988), which recommends an increase in the rate of land value tax from the present 1.4 per cent, on the ground that CGT is a greater deterrent to selling than the land tax is to holding.

As for exemptions, they need to be avoided. A better procedure, presupposing the retention of domestic rates, is to assess land and building separately, and to charge on land at a much higher rate.

David Redfearn,
15 Fennell's Close,
Eastbourne, East Sussex

UK COMPANY NEWS

Building boom lifts John Laing 49% to £68m

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of John Laing, the British construction group, advanced by 49 per cent from £45.7m to £68.1m in 1988.

Turnover rose by 27 per cent £1.35bn as the group cashed in on last year's UK building boom. Earnings per share increased by 54 per cent to 52.7p, and the dividend is lifted from 7p to 12p, with a final of 9p.

Profit included £3.8m from the sale of part of Laing's stake in Europistas, the Spanish toll motorway authority.

Trading profits from Laing's housebuilding division rose from £35.5m to £51m, or more than 43 per cent. Laing made 3,824 sales last year compared with 3,335 in 1987.

The company said that its land bank was valued at about £170m.

Construction profits advanced from £13.3m to £20.8m last year. Construction orders increased by about a fifth to more than £1bn. Property profits surged from £400,000 to £1.1m.

Trading profits in the UK rose from £44.3m to £59.3m, while overseas they were trebled to £11.9m (£3.7m).

● COMMENT

John Laing is working hard to get the message over that it is more than just a UK housebuilder. It is also one of the country's largest contractors and has a more than useful housebuilding operation in California, where the market, as Wimpey and Barratt reported earlier this week, is bubbling. Increased profits from California this year should offset any deterioration in the UK housing market, which in the north of Britain is holding up much better than expected. Contracting looks a better bet these days and Laing is managing to improve its margins, despite its moans that general contracting returns are still very low. On pre-tax profits of £77m, which would assume very little increase from UK housing, the group is on a prospective p/e of just over 5. This in no way reflects the value of the assets but the market remains nervous about housebuilding after last year's bonanza.

Sharp & Law forced to restate profits

By Philip Coggan

SHARP & LAW, the USM-quoted shopfitting group, has been forced to restate its 1987 pre-tax profits as £410,000 instead of the £1.21m earlier reported.

It also announced 1988 profits of just £1.06m, compared with an earlier forecast by the company's broker of £4.2m. Sharp & Law shares closed 23p lower at 80p on Thursday.

The problems occurred at the group's Bradford shopfitting division where certain large contracts turned out to be inappropriately valued. Payments which had been made on the contracts were effectively double counted.

This process began in 1987, causing profits and sales for that year to be inflated, and resulting in a number of contracts being carried out on an unprofitable basis in 1988. Although the group's three other divisions were profitable in 1988, the shopfitting division lost £1.32m.

Sharp & Law said earlier this month that it had discovered problems to the shopfitting division and had appointed Arthur Young, the accountants, to investigate.

Arthur Young has now produced a preliminary report which recommends strengthening of the company's senior financial management; the appointment of a managing director et board level; and organisational, systems and computer department reviews.

The directors were confident that the actions they had taken would restore the Bradford division to profitability in 1989.

Mr Alan Parker, group finance director, has resigned from the board, and auditors Long & Co will not be standing for re-election et the annual general meeting.

Mr Brian Considine, chairman and managing director, said that the group's gearing was at an "unacceptable" level, although he would not specify the ratio.

The company is considering how to reduce the gearing level. Interest payable, at £1.43m, was more than half 1988's operating profits of £2.49m.

The company is paying a maintained final dividend of 2p although the dividend is not quite covered by retained earnings. Total dividend for the year is 3.15p (3p).

Improved result despite higher C4 costs and dip overseas

Central TV profits up 13% to £26.5m

By John Ridding

CENTRAL INDEPENDENT Television, the IBA contractor for the Midlands, announced pre-tax profits of £26.5m for 1988, an increase of 13 per cent on the previous year.

The improvement would have been greater but for the upward revision of 1987 profits in line with an accounting change to comply with standard practices concerning leases and hire purchase contracts. Before restatement, profits were £22.5m.

In addition, there was an exceptional charge of £1.16m resulting from the costs of Central's redundancy programme.

Turnover rose 10 per cent to £264m with the bulk coming from advertising revenues which increased from £193m to £218m. However, Central's share of the network's total advertising slipped from 14.5 per cent to 14.4 per cent.

Earnings per share increased to 64p (57p) and the proposed final dividend of 19.5p gives a total of 25.5p (22p).

Mr David Justham, chairman, said that profits had shown a significant improvement in a year when the costs of Channel 4 subscription and payments for transmitter rentals together increased by 19 per cent.

In addition, overseas sales fell sharply during 1988, from £22m to £9.3m. Mr Leslie Hill, managing director, said that there were a number of reasons for the fall-off, including the postponement of a major project until this year, and the sale in 1987 of Zenith, its film making subsidiary, which traditionally won significant overseas contracts.

● COMMENT

Considering the increased levy and the rationalisation-related exceptional charge, Central performed well in 1988. More important, however, is that its policy of cost cutting and the development of separate, television-related, profit centres provides a coherent strategy for dealing with the changes which will continue to plague the sector into the 1990s. Last year's target of saving £4m through voluntary redundancies was achieved and the profit centres, particularly the contracting out of its television facilities, are beginning to establish themselves. Overseas sales should rebound and Central also predicts that its advertising sales joint venture with Anglia Television will provide significant savings. In the near-term, however, Central faces a number of difficulties. Not least is the impact of the new tax charge which incorporates turnover as well as profits and which would have added £7m to the tax bill on the basis of last year's figures. Central hopes to offset this through further cost cutting measures, but to do so without damaging its programme output may be difficult. Maintaining advertising share in the face of the trend towards the south-east will present a similar struggle. Despite these caveats, analysts are forecasting profits of around £30m, putting the shares on a prospective multiple of around 10.5 – one of the highest in the sector.

Chas. Barker recovers to £4m

By Andrew Hill

CHARLES BARKER, the advertising, public relations and recruitment group, recovered from a 4 per cent shortfall in profits at the halfway stage to increase pre-tax profits from £2.55m to just over £4m in 1988.

Mr David Norman, chairman and chief executive, said spending cuts by major advertising clients, which hit the interim figures, had been more than offset during the year by new billings. New advertising clients, including Gillette and Fiat motor dealerships, generated income of £685,000 during 1989. Further benefits would come through in 1989, he added.

Group turnover during the year was down slightly to £104m (£106m), but income rose 4 per cent to £34.6m (£33.2m). Mr Norman said thet if income from discontinued businesses were excluded from the 1987 figures, the increase would have been about 10 per cent. Earnings per share increased from 6p to 9.8p.

"Cash management has improved significantly, thanks to very, very tight control on costs," Mr Norman said.

The company, which last year ended takeover discussions with WPP, the advertising and marketing services group, is recommending a final dividend of 2.3p, making 3.5p (3.2p) for the year.

Barker's recruitment operations again provided the bulk of profits from continuing businesses, contributing 58 (52) per cent of profits from income up more than 12 per cent. Public relations, which has been brought under the control of a single holding company, increased income by 22 per cent, and its share of profits from 17 to 22 per cent.

Advertising income rose just 3 per cent and its share of profits dropped from 31 to 20 per cent.

At the end of the year the group had £4.9m (£1.2m) of cash in hand. Barker attributed the increase to more efficient invoicing of clients.

● COMMENT

In a week in which Saatchi & Saatchi, erstwhile idol of the agencies sector, was discovered to have feet of clay, there was only muted approval of the apparent recovery at Charles Barker. But the omens are at least slightly better than this time last year and the shares rose 3p to 91p. The PR division in particular was stronger than expected, while restructuring and cost-cutting seem to be having an effect on operating margins across the group, which improved from a paltry 2.6 per cent to nearly 4 per cent, higher than in 1986. Cash from US agency NW Ayer's *purchase of a 25 per cent stake* in Ayer Barker, the advertising subsidiary, almost covered deferred payments last year, and the outstanding cash in the balance sheet could add about £250,000 to profits in 1989, which might reach £5m before tax. That leaves the shares looking reasonably attractive on a prospective multiple of just over 7.

Mid Kent wins French support for plc

By Andrew Hill

MID KENT Water Company has won the support of two major French shareholders to set up a public limited company by altering the terms of the restructuring which was postponed two weeks ago.

The move should enable the statutory company to jump the queue of water utilities eager to diversify into other activities, which to Mid Kent's case could include plumbing, pipelaying and associated engineering services.

Holders of the statutory company's stock will be offered shares in the new plc, Mid Kent Holdings, which will be free of statutory dividend and voting restrictions.

Most water companies will have to wait until flotation of the authorities in November before converting to plc status.

Mid Kent Holdings will then hold a rights issue to raise £11.3m to fund diversification, and issue up to 3.2m further shares aimed at consumers and employees, who would hold 11.9 per cent of the enlarged capital.

Pricing of the shares in Mid Kent Holdings should interest the City as it wonders how to value shares in the larger water authorities.

The two issues will be made at 325p a share. Mid Kent Water originally asked for 400p a share, but is thought to have reduced the price under pressure from the French investors, Compagnie Générale des Eaux and SAUR Water Services, a Bouygues subsidiary.

Mid Kent Water is capitalised at about £93m, on which basis ordinary shares in Mid Kent Holdings would be worth more than 600p each.

Générale des Eaux has committed its 29.9 per cent stake to the recommended offer irrevocably, and SAUR has indicated that it is likely to accept in respect of its 16.6 per cent holding.

Altogether Brown Shipley, Mid Kent Water's adviser, has won irrevocable acceptances representing 51.8 per cent of the votes.

Statutory company stockholders will receive 100 Mid Kent Holdings ordinary shares and 10 warrants for £100 nominal of every class of stock, except 6 per cent ordinary stock, for which they will receive 107 ordinary shares and 10 warrants, and the redeemable preference stock 1997, for which they will receive 100 10 per cent redeemable cumulative preference shares 1997 and 10 warrants.

Bestwood recovers to show £2.6m profit

By David Waller

BESTWOOD, the property and industrial holdings company where former chairman Mr Tony Cole is seeking reappointment to the board, has announced a sharp profits recovery for 1988.

From pre-tax losses of *£378,000 in 1987*, the company recovered to make pre-tax profits of £2.6m. Turnover rose from £6.9m to £11.6m and losses of 0.7 per share turned into earnings of 5p.

However, reorganisation expenses, plus losses on investments and the disposal of unwanted businesses, gave rise to an extraordinary charge of £3.6m, meaning that the net loss to the shareholders was £1.79m, against a loss of £378,000.

He said that the size of the extraordinary charge gave some indication of the problems inherited from his predecessor. The pre-tax figure *would have been better but for* the distractions of fighting off Mr Cole's attempts to replace him as chairman.

The fight comes to a head at next Friday's extraordinary general meeting, where the comapny's 2,800 shareholders will be asked to vote on two motions: (1) to reappoint Mr Cole, a former stockbroker and (2) to remove Mr Holmes.

Mr Holmes predicted victory yesterday, saying not only that the figures vindicated his management regime, but that Mr Jim Furlong, a director of the company, and his family, had committed their 24.9 per cent stake to his side in the proxy *battle*.

Together with the 7.5 per cent owned by the rest of the board, this would give Mr Holmes 32.4 per cent of the votes. Ranged against this are the 5.5 per cent of the shares owned by Mr Cole and the 11.1 per cent owned by Financial Trust, a Swiss institution which supports him.

Mr Cole, who stepped down as chairman last summer, could not be contacted yesterday. It was shortly after he made his bid for reappointment last November that the Bank of England took the unprecedented step of stating that "it had serious doubts *about the suitability of Mr Cole* for a position as a director, controller or manager of an authorised institution".

Mr Holmes said yesterday that the profits recovery came from the sale of fringe businesses, the introduction of effective financial controls and a cutting of central overheads.

See Lex

High interest rates leave Mackay profit down at £1.1m

By John Thornhill

Hugh Mackay, the Durham-based carpet maker which was last year the subject of an aborted takeover bid from Allied Textile Companies, suffered a pre-tax profits fall from £1.71m to £1.07m in 1988 despite an increase in turnover to £30.4m.

High interest rates affecting sales in the fourth quarter and operational difficulties at its Blackburn plant were given as causes for the fall. The reorganisation of the Blackburn plant and costs involved in discussions with Allied Textiles Companies resulted in an extraordinary loss of £252,000.

Fully diluted earnings fell to 12.92p (20.75p). An unchanged final of 5p maintains the 7p total.

Pressac slips to interim £1.17m as margins fall

IN WHAT it said should be regarded as a year of consolidation, Pressac has suffered a 22.5 per cent reduction in pre-tax profit to £1.17m, from £1.51m, for the six months to January 31.

Mr John Wagstaff, chairman of the manufacturer of electrical connectors and components, recalled his warning that the growth pattern of the past four years would be affected while the group was reorganising for the 1990s, an exercise not yet finished.

However, he said the balance sheet remained strong and would accommodate the capital expenditure necessary to take advantage of future prospects.

For next year and beyond, they looked encouraging.

In the six months, turnover rose to £17m (£15.3m), but the strong pound and erosion of margins pulled back the operating profit from £1.53m to £1.27m.

The hedge against overseas sales had to be implemented at higher exchange rates, which reduced profits by £190,000. Earnings fell to 4.31p (5.47p) and the interim dividend is again 0.5p.

Mr Wagstaff said the automotive division performed well and growth was satisfactory.

The telecommunications side had been the focus of considerable management ettention; the group was committed to that market and saw good growth potential.

Television and domestic electronics disappointed with volumes suffering from Government measures to slow down the economy.

The reduced level of activity was forecast to last for the rest of the trading year.

Belgian alliance for L&M

By Paul Cheeseright, Property Correspondent

LONDON & Metropolitan, the property development group in its third year after flotation on the stock market, has forged an alliance with Crédit Foncier Internstional, the Belgian property investment and development company.

The move will give London & Metropolitan both greater access to working capital through a cash injection of £12.1m and, over the longer term, an enhanced ability to retain equity portions of the developments it under takes.

CFI is prepared to buy into London & Metropolitan at a price of 203p a share compared with the market price of 178p just before the announcement and is likely to end up with 10.7 per cent of the London & Metropolitan equity.

London & Metropolitan is issuing 6.09m new ordinary shares at 203p each. Existing shareholders have the right to subscribe at the rate of three new ordinary shares for every 25 ordinary shares already held.

But, given the premium of the offer price over the market price, existing shareholders are not likely to take up the offer.

CFI, however, has agreed to subscribe for all of the new ordinary ehares not taken up by existing shareholders.

Maxwell buys Sphere

By Raymond Snoddy

PENGUIN BOOKS is to sell Sphere, a paperback imprint, to Maxwell Communication Corporation for £13.75m cash.

Penguin, a wholly-owned subsidiary of Pearson, the publishing, banking and oil services group, has decided that Sphere, which publishes both fiction and non-fiction, was not *central to its future growth.*

Sphere will be merged with MacDonald-Futura, MacDonald's paperback imprint, which will rank as the number five paperback house in the UK.

Mr Nick Webb, formally managing director of Sphere, will be managing director of MacDonald-Futura and Sphere operations in the UK.

The aim is to maintain a close association between the Penguin group and Sphere. There is also expected to be continued co-operation between Penguin hardback houses and Sphere in the acquisition of titles.

Trade Indemnity up 20% as claims fall

By Richard Waters

TRADE INDEMNITY, the UK's largest credit insurer, reported pre-tax profits for 1988 up 20 per cent to £12.6m.

The turnover insured by the company grew by a sluggish 6 per cent to £32.1bn. This reflects the fact that, at times when the economy is relatively stable, businesses do not take out insurance to protect themselves from insolvencies among companies which owe them money, said Mr John Phillips, chief executive.

The profit growth came against a lower level of claims in 1988. The company paid out £26.8m, compared with £29.8m in 1987 and £32.6m in 1986.

The company also announced a new structure, enbject to approval at an extraordinary meeting in May. This will separate its mainstream insurance operations from other, newer sources of income, including factoring, export credit and debt collection.

While turnover insured by the company grew slowly, its premium income for 1988 advanced strongly from £77.62m to £87.16m. Premiums paid by clients have not been increased, said Mr Phillips.

Smiths Inds makes German acquisition

By Patrick Butler

SMITHS INDUSTRIES, the aerospace, medical systeme and industrial group, has acquired Peter von Berg Extrakorporale (PvB), a West German medical products company, for a maximum of £13m.

Smiths has paid £6m with the balance – due over the next two years – dependent on PvB's profits performance. PvB is based near Munich, and makes single-use medical equipment for use in treating cardiovascular conditions.

Smiths yesterday said the acquisition would strengthen the company's position, not only in West Germany but also in the rapidly-growing market for single-use products which eliminate the possibility of transmitting diseases.

In the year to December 31 PvB is estimated to have made pre-tax profits of £800,000 on sales of £6.6m. Some 60 per cent of these sales were earned in West Germany with the remainder coming from exports to Western Europe, Japan and the US, where PvB has a wholly-owned subsidiary.

In January, Smiths bought Avon Medicals, a leading UK supplier of single-use dialysis and intravenous devices used in critical care as well as epidural procedure packs. The company said the latest acquisition would complement its single-use business and extend its range.

In 1988 Smiths reported turnover of £100.1m in its medical services group – more than half of which was made outside the UK. Group turnover was £666.4m.

AC profits doubled

AC HOLDINGS, stockbroker, more than doubled pre-tax profits from £220,543 to £515,939 in the half-year ended December 31 1988. Turnover jumped from £9.37m to £21.29m.

A maiden interim dividend of 1p is being paid, from earnings per 5p share of 2.097p (1.119p).

The directors announced the acquisition of Mofosi from Mr TWR West and Mr BR Potts, both directors of AC. Mofosi's sole asset is Rectory House, a freehold building in the City of London. Consideration will be up to £2.95m, satisfied by up to 3.69m new shares valued at 80p each.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§155	F.P.	–	171	155	Assoc. British Cons 20p	166		R5.25	2.7	4.2	10.3
‡	F.P.	–	108	75	[illegible]	100	+5	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	–	49	40	[illegible]	45		[illegible]	3.7	6.5	5.6
[illegible]	F.P.	–	78	62	[illegible]	65		[illegible]	2.8	3.6	13.3
[illegible]	F.P.	–	95	85	[illegible]	75	-1	[illegible]	9.1	0.3	12.7
[illegible]	F.P.	–	215	195	Wood (Arthur)	213		[illegible]	2.6	4.8	7.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
AC Holdings ....int	1	-	-	-	0.883*
Barker (Charles) ....fin	2.3	May 18	2.1	3.5†	3.2
Bilston Enam § ....fin	2.7‡	-	2.7	4.2	4.2
Bridport-Gundry ....int	1.9	May 31	1.9	-	7
Central Ind TV ....fin	19.5	May 5	17	25.5	22
Garton Eng ....fin	4.75	July 3	3.75	6.25	5
IoM Steam Packet ....fin	12☆	-	6	12	6
Laing (John) ....fin	9	-	5	12	7
Martin Currie ....fin	0.4	June 12	0.4	0.4	0.4
Mayborn Group § ....fin	2.5	-	2.3	3.8	3.5
N Midland Cons ....fin	2	-	1.2	3	2
Pressac ....int	0.5	May 18	0.5	-	1.75
Rotork ....fin	4	May 31	3.85	7.25	7.1
Secure Trust ....fin	0.59	May 25	-	0.59	-
Sharp & Law § ....fin	2	July 5	2	3.15	3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡Directors have waived 1.2p of their entitlement. ☆Gross throughout.

News Digest

WATERFORD
Profits rise to I£7.9m

PRE-TAX profits of I£7.89m (£6.55m) were reported by Waterford Foods for the 12 months to end-December.

The advance from £5.38m was posted on turnover of £238.39m (£228.01m).

As promised in the prospectus, a dividend of 0.525p is proposed for the year.

Earnings per 5p share were 6.2p, up from 4.48p in 1987.

SANDERSON ELDER
Lower orders affect margins

Sanderson Murray & Elder (Holdings), the principal activities of which include woolcombing, topmaking and merchanting of wool and synthetic fibres, reported pre-tax profits down from £91,000 to £35,000 in the half-year to end-December 1988.

Turnover fell from £3.16m to £2.6m and after tax of £5,000 (£4,000) earnings per 50p share fell 65 per cent from 4.6p to 1.6p. There was an extraordinary credit of £57,000 (nil) this time.

The company said that the lower level of orders had affected margins, and there was no sign yet of any improvement.

MARTIN CURRIE
NAV increased 16% to 257.9p

Martin Currie Pacific Trust reported a net asset value of 257.9p at February 28, a 16 per cent rise on the 223.3p prevailing a year before.

However, earnings slipped to 0.75p (1.07p) per share. The directors have recommended an unchanged dividend of 0.4p.

The board said that the development of south east Asia as an economic region continued at a significant rate. They said that the most encouraging feature was the growing political and economic autonomy of the region, ensuring that it would remain an exciting and rewarding area for long-term investment.

ROTORK
Profits slip on static turnover

Rotork, the Bath-based specialist control and instrumentation group, saw taxable profits dip 10 per cent from £5.54m to £5.08m in the 12 months to the end of December.

Turnover was virtually static at £34.08m. After tax of £1.84m (£2.02m), earnings per 10p share declined from 12.41p to 11.09p.

Mr Jeremy Lancaster, chairman, said a greater degree of stability in some of the group's more volatile areas plus indications of a strengthening in the oil price were both encouraging signs.

The proposed final dividend is raised to 4p (3.85p), making 7.35p (7.1p) for the year.

MAYBORN GROUP
US offshoot loss cuts profits

Mayborn Group, USM-quoted household products company, blamed a turndown into loss at its US offshoot Stahlwood Toy Manufacturing, for a 12 per cent fall in taxable profits in 1988.

On turnover 6 per cent higher at £25.38m (£23.81m) profits were £2.14m (£2.42m). Earnings per share were 7.8p (8.4p) but an increased final dividend of 2.5p (2.3p) is proposed for a total of 3.8p (3.5p).

Stahlwood suffered an operating loss of $600,000 compared with a profit of $700,000 last time.

MARKET STATISTICS

ECONOMIC DIARY

TOMORROW: British summer time begins — clocks advance one hour. National Union of Teachers holds annual conference in Blackpool (until March 29). Nationwide elections for newly constituted Soviet parliament. Sir Geoffrey Howe, Foreign Secretary, begins visit to sub-continent (Pakistan March 26-29, India, Doha and Bahrain (March 29-April 1). General elections in Laos. Nationwide municipal elections in Turkey.

MONDAY: Mrs Margaret Thatcher, Prime Minister, pays two-day visit to Morocco (also Nigeria, Sudan, Zimbabwe, and Malawi) (until April 2). National Association of Schoolmasters/Union of Women Teachers annual conference in Eastbourne (until March 31). Arab league foreign ministers open regular session in Tunis.

TUESDAY: Confederation of British Industry publises industrial trends enquiry for March. Mrs Thatcher visits Zimbabwe. Biggest Yugoslav republic Serbia plans proclamation of changes to its constitution, curbing autonomy of its provinces Kosovo and Vojvodina. Iranian parliament to debate ties with Britain. Ruling FLN central committee meets in Algiers on next stage of political reforms.

WEDNESDAY: Personal income and expenditure (fourth quarter). Industrial and commercial companies (fourth quarter). Balance of payments current account and overseas trade figures (February). New vehicle registrations (February). US leading indicators (February), single family home sales. OPEC price committee meeting in Vienna (until March 30). CBI conference on business rates at Haydock Park racecourse. Assistant Masters and Mistresses Association conference in Torquay (until March 31).

THURSDAY: Energy trends (January). US factory orders (February). Mrs Thatcher visits Malawi. Central American foreign ministers meet in Costa Rica for another review of peace process. Czechoslovak central committee meets in Prague (until March 31). Francophone foreign ministers meeting to prepare for Dakar summit in May (until March 31). Scottish Constitutional Conference holds first meeting in Edinburgh.

FRIDAY: London sterling certificates of deposit (February). Bill turnover stastistics (February). UK banks' assets and liabilities and the money stock (February). Sterling commercial paper (February). Finance ministers and central bank governors meet in Washington for the spring meeting of the International Monetary Fund. 1989 consumer congress at University College, Swansea (until April 2). Green Party spring conference in London (until April 2).

BANK RETURN

BANKING DEPARTMENT	Wednesday March 22, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	102,808,690	+	318,296
Bankers Deposits	1,165,159,840	-	142,362,466
Reserve and other Accounts	1,830,447,492	+	31,502,046
	3,112,969,022	-	110,542,113
ASSETS			
Government Securities	809,840,980	-	11,753,330
Advance and other Accounts	774,886,327	-	183,326,135
Premises Equipment & other Secs	1,524,887,547	+	83,295,726
Notes	9,180,432	+	1,238,238
Coin	232,765	+	4,377
	3,112,969,022	-	110,542,113
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	14,770,819,568	+	478,761,761
Notes in Banking Department	9,180,432	+	1,238,239
	14,780,000,000	+	480,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	11,071,413,307	+	1,472,435,804
Other Securities	3,697,571,593	-	992,435,804
	14,780,000,000	+	480,000,000

EUROPEAN OPTIONS EXCHANGE

Series	May 89 Vol	May 89 Last	Aug 89 Vol	Aug 89 Last	Nov 89 Vol	Nov 89 Last	Stock
Gold C $390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 395.70
Gold C $400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 395.70
	Apr. 89		May 89		Jan. 89		
EOE Index C/P (FL 240 – FL 310)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 275.82
S/FI C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 210.55
	Apr. 89		Jul. 89		Oct. 89		
ABN C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 41.60
Aegon C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ahold C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amev C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Buhrmann-T C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H.V. DSM C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elsevier C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gist-Broc. C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoogovens C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KNP C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nedlloyd C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat.Ned C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Dutch C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Robeco C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Van Ommeren C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wessanen C / P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS : 40,417

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	Nat Westminster	13
Adam & Company	13	Comm. Bk N. East	13	Northern Bank Ltd	13
AIB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	13	Duncan Lawrie	13	Roxburghe Guarantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Banco Bilbao Vizcaya	13	Financial & Gen. Bank	13	● Smith & Williamson Secs	13
Bank Hapoalim	13	First National Bank Plc	14	Standard Chartered	13
Bank Leumi (UK)	13	● Robert Fleming & Co	13	TSB	13
Bank of Baroda	13	Robert Fraser & Prtns	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	● Hambros Bank	13	Western Trust	13
Bank of Scotland	13	Heritable & Gen Inv Bnk	13	Westpac Bank Corp	13
Banque Belge Ltd	13	● Hill Samuel	§13	Whiteaway Laidlaw	13½
Barclays Bank	13	C. Hoare & Co	13	Yorkshire Bank	13
Benchmark Bank PLC	13	Hongkong & Shangh	13		
Beneficial Bank PLC	13	● Leopold Joseph & Sons	13		
Brit Bk of Mid East	13	Lloyds Bank	13		
● Brown Shipley	13	Meghraj Bank Ltd	13		
Business Mtge Tst	13½	Midland Bank	13		
CL Bank Nederland	13	Mount Banking	13		
Central Capital	13	Mortgage Express Ltd	§13.95		
● Charterhouse Bank	13	Nat Bk of Kuwait	13		
Citibank NA	13				
City Merchants Bank	13				

● Members of British Merchant Banking & Securities Houses Association. * Deposit rate 5.72% Savetime 8.47%. Top Tier–£10,000+ instant access 11.72% § Mortgage base rate. § Demand deposit 8%. Mortgage 13.625% - 14.00%

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thursday March 23 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Wed Mar 22 Index No.	Tue Mar 21 Index No.	Mon Mar 20 Index No.	Year ago (approx.) Index No.	1989 High	1989 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (207)	943.73	+0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (186)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (94)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (126)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (73)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (709)	[illegible]	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 22	Mar 21	Mar 20	Mar 17	Mar 16	Year ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2057.8	+8.4	2057.3	2032.8	2048.6	2072.2	2053.6	2073.2	2112.6	1782.7	2125.4 14/3	1782.8 3/1	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Thu Mar 23	Day's change %	Wed Mar 22	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.05	+0.07	117.97	–	3.37
2	5-15 years	135.53	−0.01	135.53	–	2.61
3	Over 15 years	146.94	−0.06	147.04	–	4.56
4	Irredeemables	175.37	+0.11	175.17	–	1.51
5	All stocks	132.60	+0.02	132.59	–	3.24
	Index-Linked					
6	5 years	132.80	−0.09	132.92	–	1.36
7	Over 5 years	134.22	−0.13	134.38	–	0.95
8	All stocks	134.03	−0.12	134.19	–	0.95
9	Debentures & Loans	117.62	−0.37	118.06	–	2.14
10	Preference	89.56		89.56	–	1.32

	AVERAGE GROSS REDEMPTION YIELDS		Thu Mar 23	Wed Mar 22	Year ago (approx.)	1989 High		1989 Low	
	British Government								
1	Low	5 years	9.43	9.41	8.61	10.39	30/12	8.88	9/2
2	Coupons	15 years	9.01	9.02	9.08	9.54	30/12	8.77	9/2
3		25 years	8.85	8.85	8.94	9.10	30/12	8.75	16/2
4	Medium	5 years	10.43	10.40	9.11	10.68	6/1	9.96	8/2
5	Coupons	15 years	9.48	9.43	9.26	9.76	30/12	9.21	8/2
6		25 years	9.04	9.02	9.12	9.35	30/12	8.85	17/2
7	High	5 years	10.55	10.53	9.21	10.93	5/1	10.13	8/2
8	Coupons	15 years	9.70	9.68	9.40	9.89	5/1	9.41	8/2
9		25 years	9.23	9.22	9.16	9.39	30/12	8.99	27/1
10	Irredeemables		8.80	8.80	8.92	9.06	5/1	8.68	15/3
	Index-Linked								
11	Inflation rate 5%	5yrs.	3.49	3.32	2.53	3.87	4/1	3.24	9/3
12	Inflation rate 5%	Over 5 yrs.	3.50	3.46	3.85	3.79	3/1	3.44	13/3
13	Inflation rate 10%	5 yrs.	2.56	2.51	1.64	2.76	13/2	2.11	24/1
14	Inflation rate 10%	Over 5 yrs.	3.32	3.31	3.70	3.42	3/1	3.28	13/3
15	Debs &	5 years	12.14	12.21	10.82	12.21	22/3	11.47	30/12
16	Loans	15 years	11.40	11.33	10.67	11.40	23/3	11.19	1/2
17		25 years	10.80	10.72	10.67	11.03	25/1	10.66	27/2
18	Preference		10.05	10.05	10.43	10.43	30/12	10.08	17/3

♦Opening index 2034.5; 10 am 2039.7; 11 am 2042.2; Noon 2045.9; 1 pm 2050.1; 2 pm 2051.8; 3 pm 2057.1; 4 pm 2056.2; 4.05 pm 2056.4 (a) 3.14pm (b) 9.08am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p.

Polaroid wins court fight against Shamrock bid

By Roderick Oram in New York

POLAROID, the US instant photography group, has won its eight-month fight against a $3.2bn takeover offer from Shamrock Holdings, the investment vehicle of Mr Roy Disney, the California businessman.

The victory came on Thursday when the Delaware Supreme Court rejected Shamrock's request for permission to appeal a lower court ruling upholding Polaroid's defence plans.

Shamrock quickly conceded defeat, saying it would tender its 6.9 per cent stake of 5m shares to Polaroid. The court ruling cleared the way for Polaroid to complete the buy-back of 22 per cent of its common stock at $50 a share, and Polaroid said yesterday that this offer had been more than 3½ times subscribed.

Coupled with Polaroid's sale of $300m of stock to friendly investors and a much enlarged employee share ownership plan, a significant minority of the company's stock will now be in friendly hands. Thus protected from takeover, the present management hopes to capitalise on its restructuring efforts of recent years.

Mr Disney, a nephew of the late Mr Walt Disney, the cartoon film maker, first approached Polaroid last summer with the offer of a friendly transaction to improve shareholder value but the company turned down the offer and the subsequent bid of $45 a share.

BNP-UAP link details unveiled

By George Graham in Paris

BANQUE NATIONALE de Paris (BNP), the largest French commercial bank, and Union des Assurances de Paris (UAP), the leading French insurer, have unveiled details of their plan to exchange share stakes and sell each other's products, which was approved last week by Mr Pierre Bérégovoy, the Finance Minister.

Mr René Thomas, BNP chairman, said the crossed stakes would be at least 5 per cent "but we hope closer to 10 per cent." Insisting that the two state-owned groups had never considered merging, he said be was now glad Mr Bérégovoy had refused their first proposal, for the creation of a joint holding company.

"On reflection, 1 believe we have avoided creatlng an unnecessary screen between the two groups," he said.

Mr Jean Peyrelevade, chairman of UAP, added that the groups would retain their separate identities, and with a minimum of good sense it should not prove difficult to define the frontiers between the activities of insurer and banker.

BNP intends cross-marketing to start with standardised, relatively cheap insurance products, such as UAP's Auto 1 car insurance or CH1 multi-risk homa policy, which will be tested in half a dozen BNP branches from this September, and would be aimed at all of the bank's clientele.

The bank would then move on to more selectively targeted products, inclnding a school fees plan and professional risk policies aimad at smaller companies.

UAP agents, meanwhile, will start to sell BNP's car loans, home mortgages and revolving credit facilities. The revolving credit may be linked to the debit card UAP has announced it will soon be launching.

The exchange ol share stakes, carried out through capital increases subscribed hy the state, will involve an equity increase of around FFr2.4hn ($378.8m) lor each company. This will particnlarly help BNP, which needs more capital to comply with hank prudential ratios. The equity increase could also raise BNP's leeway for issuing more non-voting certificates of investment, limited by law to 25 per cent of its capital.

Pernod Ricard 22% ahead

PERNOD RICARD, the French drinks group which won a takeover battle for Irish Distillers at the end of 1988, has reported a 22 per cent rise in group net profits for the year to FFr745m ($117.8m) excluding minority interests, writes George Graham in Paris.

Mr Patrick Ricard, chairman, said all subsidiaries were profitable, including the trouhlesome Société des Vins de France, which mada FFr44m.

The domestic wines and spirits division, founded on the aniseed-based Ricard, Pernod and Pastis 51 aperitifs, is still Pernod's cash cow, accounting for 62 per cent of group net profits, but only 43 per cent of total sales of FFr13.5bn.

Domestic non-alcoholic drinks accounted for 22 per cent of earnings and 28 per cent of sales, while overseas non-alcoholic drinks, weighed down by the heavy costs of launching the Orangina brand on international markets, produced 6 per cent of earnings on 12 per cent of sales.

Mr Ricard said that the non-alcoholic division was profitable, however, and that sales had increased despite the loss of some regional concessions for Coca-Cola in France.

● Au Printemps, the French department stores group which last year took control of La Redoute, the mail order house, more than douhled consolidated net profits for 1988 to FFr378.6m from FFr175.3m, Our Financial Staff writes.

A dividend of FFr12.50 is being paid, up from FFr11.

Ferruzzi in oil and paper acquisitions

FERRUZZI, the Italian agri-industrial concern, is spending nearly $60m on two acquisitions in the edible oils and pulp and paper sectors, writes Alan Friedman in Milan.

It has agreed to pay L43bn ($31.3m) for 100 per cent of Carapelli, a maker of olive oil. The purchase boosts Ferruzzi's share of the Italian olive oil market to 10 per cent, while the group's European market share is 15 per cent. Ferruzzi also claims 22 per cent of the European seed oils market.

Yesterday Ferruzzi said it has also agreed to acquire, jointly with James River, a US paper group, a total of 50 per cent of Sarrio Tisu, a Spanish paper company with more than $70m of annual revenues. Ferruzzi is paying in excess of $25m for its 25 per cent stake in Sarrio Tisu, which it is acquiring through Saci, its consumer products holding group.

● Edizione Holding, the financial holding company of the Benetton family, has acquired Nordica, one of the world's leading makers of ski boots. The Benetton family company did not disclose what it is paying for Nordica, which had 1988 sales equivalent to L250bn and net profit of L30bn.

Thomson lifts 1988 earnings by 14%

By Paul Betts in Paris

THOMSON CSF, the French state-controlled defence and electronics group, has reported a 14 per cent rise in consolidated net profits to FFr2.97bn ($469.8m) last year, although sales declined by 6.6 per cent to FFr33.5bn, reflecting in part the withdrawal from the medical equipment business.

The company said its order backlog stood at FFr62.4bn, representing almost two years' turnover.

Operating profits rose 13.4 per cent to FFr1.4bn. Profits from the group's Batif financial subsidiary rose to around FFr800m from FFr420m.

Losses from Thomson's joint semicondnctor venture with SGS of Italy were suhstantially rednced. The impact of SGS-Thomson on the group's results involved a loss of FFr159m last year compared with a loss of FFr295m. The company said SGS-Thomson should break even this year.

The gronp also indicated that Thomson SA, the main Thomson holding company which controls 60 per cent of Thomson CSF, was expected to report shortly consolidated gronp profits, exclnding minority interests, ol FFr1.2bn on sales of FFr75bn for 1988, against profits of FFr1.06bn. Thomson SA incorporates the group's extensive interests in consumer electronics.

● L'Air Liquide, the leading French industrial gases group, reported a 14 per cent rise in consolidated net profits, excluding minority interests, to FFr1.58bn. Sales rose 29 per cent to FFr25.6bn.

Siemens buys 52% of French computer maker

By Paul Betts

SIEMENS, the West German electronica gronp, has acquired a 51.7 per cent stake in IN2, a French compnter manufacturer, for FFr346m ($54.7m) in a move which will give it a strategic opening in to the French personal computer market.

IN2, with annual sales of FFr1.1bn, manufactures and markets the Leonard range of IBM compatible personal computers as well as minicomputers. Siemens said it planned to make IN2 the main platform of ita microcompnter operations in France.

Siemens acquired its stake from the French Intertechnique group, which will continue to hold a minority interest in IN2 of around 18 per cent.

Stampede for risky Nevada ranch

By Roderick Oram

WITH SOME 1,600 stockbrokers around the world clamouring for a piece of the action, Mustang Ranch is the hottest new issue to hit the US over-the-counter market in years.

Nothing can cool their ardour, not even some of the most dire warnings of business risk ever printed in a prospectus approved by the Securities & Exchange Commission.

Revenues are highly seasonal, peaking in the third quarter. Worse, the company worries that "an uncertain supply of independent contractors" might prevent it satisfying demand. Moreover, it can arrange only the loosest controls, financial and otherwise, over the contractors.

No bank is likely to lend it money because "of the nature of the assets the company intends ta acquire and the husiness in which it will engage."

By law it cannot advertise and anyway some people consider its activities "immoral." Others believe it enconrages "ahusive attitndes toward females generally." Nor can it get insurance coverage for its primary risk – "One AIDS case and they're finished," an underwriter conceded in an interview.

Whereas any other enterprise might collapse under these burdens, Mustang Ranch has one thing going for it – the oldest business activity in the world. Technically, it calls itself a 102-room boarding house eight miles east of Reno, Nevada. In practical terms, it claims to be the world's largest legal brothel.

The lead underwriter, American Wallstreet Securities of Tampa, Florida, is thrilled by investors' reaction. "We've never seen anything like it," says Mr Eric Walloga, president, who has been tallying foreign brokers' interest.

Mustang Ranch, one of 36 legal brothels in Nevada, is up for sale because Joseph and Sally Conforte, its owners – who have a history of trouble with the revenue authorities – owe $13m in back taxes, fines and interest. A group of lawyers and brothel managers is buying them out, funding the deal with the $23.3m stock offering. Tha gronp, which includes a member of the Nevada AIDS taskforce, will retain a 47 per cent stake.

A predecessor to the Mustang Ranch was burnt to the ground by a local prosecutor acting on a court order that declared the brothel a public nuisance. A professional boxer was shot to death on the replacement premises. The present ranch operated under protection of the bankruptcy courts for a time in the early 1980s.

The new owners plan to install computerised accounting and other means of modern management. They say they will endeavour to maintain "the optimum mix of physical features and attributes among the independent contractors."

But they concede in the prospectus that financial controls are weak. The "contractors" set their own prices, negotiating a package of services with each customer. Payment by cash or credit card is rendered before the services. Mustang Ranch keeps 50 per cent but admits the contractors might cut side deals later with the customers.

The ranch's other main income currently comes from drink sales and the $10 a day room and board it charges contractors. In its latest year it made net profits of $917,400 on revenues of $5.6m. It has no plans to pay cash dividends and is unlikely to offer shareholder perks-in-kind.

Mr Walloga believes the company's growth will come from diversification. It plans to develop, for example, "horizontal markets such as lingerie and the licensing of the Mustang Ranch logo," he says.

Even the share certificates are likely to be collector's items. The 300 biggest investors will get a certificate in the form of a signed print depicting "the type of males that would frequent these places and the type of provocative women" who work there, according to the artist, Mr LeRoy Neiman.

Mustang Ranch may have tapped a huge new market, judging by public interest. A California radio station is running a contest to find the company'e new slogan. The favoured entry to date is: "Go long on the Mustang Ranch but be sure to check out the naked options."

Semi-Tech agrees Singer deal with Inter-Pacific

By Michael Marray in Hong Kong

THE HONG KONG listed Semi-Tech Microelectronics Far East and Malaysian-controlled Inter-Pacific Acquisition have agreed to end their takeover battle for SSMC, the maker ol Singer sewing machines.

The deal is aimed at allowing Semi-Tech to gain control of the company, after which SSMC would sell its stake in the group's Malaysian unit to Inter-Pacific.

After rival bids which started in January at US$30 a share, an amended $38 a share offer to SSMC shareholders is now heing made by Semi-Tech. The Hong Kong company is chaired hy Mr Stanley Ho, the casino owner, and is a subsidiary of the Toronto-based Semi-Tech Microelectronics.

Should Semi-Tech gain control of SSMC, its 49 per cent stake in the Malaysian offshoot will be sold for $30m to Inter-Pacific, led by Mr Vincent Tan, a Malaysian entreprensur.

Semi-Tech has already agreed that should it gain control, SSMC would sell its furniture division to Singer for $40m. Singer, which is chaired hy Mr Paul Bilzerian, the Amarican corporate raider, owns 27 per cent of SSMC.

A special committee of the SSMC board has recommended that shareholders should accept the latest offer, consisting of US$38 a share in cash for 76 per cent of SSMC, with the balance to be paid in SSMC cumulative preferred stock.

US computer networking groups agree to merge

By Louise Kehoe in San Fransisco

NOVELL AND Excelan, two leading suppliers of computer local area natwork systems, have agreed to merge in a stock swap deal valned at abont $175m. The combined company will have annual revenues of about $350m, making it the third largest networking company, behind IBM and Digital Equipment.

The definitive merger agreement is subject to the approval of Excelan shareholders. Excelan directors who are major ebareholders have already agreed, however, to vote in favour of the merger, which is expected to be completed by the end of June.

The agreement calls for Excelan sharholders to receive a minimum of 0.475 or a maximum of 0.6 newly issued Novell shares for each Excelan share, depending on the value of Novell's stock price at the time the deal is closed.

Excelan, a seven-year-old company based in San Jose, California, produces standards-based networking software and equipment to link a wide variety of different types of personal and minicomputers. The company had 1988 net profits of $5.5m on revenues of $66m.

Novell is the leading independent computer networking company, with more than 350,000 systems installed worldwide. Novell posted net earnings of $30.4m on sales of $281m for its most recent year to October.

HK shipping stake sale

By Michael Marray

ORIENT OVERSEAS Holdings, the Hong Kong shipping group, has agreed the sale of a 5 per cent stake in Hongkong International Terminals (HIT), in a deal which will reduce its staka in HIT to 10 per cent held through its principal operating subsidiary.

The shares were placed with unnamed overseas investors by Hambros Bank for a total of HK$662m (US$84.9m), and are being beld through nominee companies which are subsidiaries of the Hong Kong-based Dao Heng Bank. Dao Heng is closely linked to the Kuwait Investment Office, which has a 40 per cent stake in Dao Heng Holdings, its holding company.

The share sale is the second large deal involving HIT in just over a week. It follows the purchase by the mainland Chinese-controlled China Resources of a 10 per cent stake in HIT from Hntchison Whampoa, its controlling shareholder, for HK$1.32bn.

Varity recovery continues

By David Owen in Toronto

VARITY, THE Canadian farm equipment and indnstrial engine maker formerly known as Massey-Ferguson, has reported its highest net earnings since 1976.

The company attributed the improvement – which continues its steady progress of recent months – to higher sales, hetter margins and advances in operating efficiency. Mr Victor Rice, chairman, said Varity "expects to do better in 1989."

For the year to January, net income totalled US$81.7m or 38 cents a share, compared with just $4.5m (a loss of 6 cents a share). The year-ago figure included extraordinary write-downs of $60m related to the receivership of the 45 per cent-owned Massey Combines.

Sales advanced 17 per cent to $2.29bn, against $1.95bn. In the latest quarter, earnings after extraordinary items reached $28m (12 cents a share) against $16.4m (7 cents).

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$395.5	+2.5	$452	$412.25	$380.25
Silver per troy oz	352.95p	+0.75	362.75	356.65p	327.45p
Aluminium 99.7% (cash)	$1967.5	+26	$2735	$2610	$1907.5
Copper Grade A (cash)	£1906	+28.5	£1344.5	£1982.5	£1634.0
Lead(cash)	£346.75	+10.75	£353.5	£362	£337
Nickel (cash)	$16150	-1050	$21750	$19350	$16150
Zinc (cash)	$1865	-12.5	£606	$2107.5	$1637.5
Tin (cash)	£6205	-37.5	£3760	£6290	£4145
Cocoa Futures (May)	£798	-52	£900	[illegible]	£798
Coffee Futures (May)	£1079	-71	£1141	£1270	£1076
Sugar (LDP Raw)	$281.6	-21.6	$231.4	$303.4	$235.8
Barley Futures (May)	£111.5	+0.1	£97.85	£113.50	£110.55
Wheat Futures (May)	£118.8	+0.85	£105.4	£118.8	£114.40
Cotton Outlook A Index	67.80c	+1.50	66.45c	67.80c	61.35
Wool (64S Super)	655p	+10	600p	710p	645p
Rubber (Spot)	57.0p	-1.0	63p	64p	56p
Oil (Brent Blend)	$19.55q	+0.75	$15.40	$19.55	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb q-Apr.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.50-6.60z	+0.50
Brent Blend	$19.50-9.60q	+0.50
W.T.I. (1 pm est)	$20.00-0.05z	+0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$216-217	+0.5
Gas Oil	$157-159	+2
Heavy Fuel Oil	$90-92	+1
Naphtha	$181-183	+3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$395.5	+1.25
Silver (per troy oz)♣	608c	+1
Platinum (per troy oz)	$543	-1.5
Palladium (per troy oz)	$135	+0.25
Aluminium (free market)	$1990	+55
Copper (US Producer)	144½-147c	
Lead (US Producer)	37.5c	
Nickel (free market)	725c	
Tin (European free market)	£6205	+30
Tin (Kuala Lumpur market)	24.32r	+0.10
Tin (New York)	411c	+1.8
Zinc (US Prime Western)	60½c	
Cattle (live weight)†	109.43p	-2.15*
Sheep (dead weight)†	201.16p	+18.2*
Pigs (live weight)†	82.80p	-1.09*
London daily sugar (raw)	$281.6v	-15.6
London daily sugar (white)	$311.5v	-14.0
Tate and Lyle export price	£273.5	-10.5
Barley (English feed)	£115	
Maize (US No. 3 yellow)	£131	
Wheat (US Dark Northern)	Unq.	
Rubber (spot)♥	57.00p	-0.50
Rubber (Apr)♥	67.00p	-0.50
Rubber (May)♥	67.25p	-0.50
Rubber (KL RSS No 1 Apr)	296.5m	
Coconut oil (Philippines)§	$547.5u	
Palm Oil (Malaysian)§	$402.5w	
Copra (Philippines)§	$355	
Soyabeans (US)	$202z	
Cotton "A" index	67.80c	
Wooltops (64s Super)	655p	+10

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/May. u-Mar/Apr. q-Apr. x-May/Jun. w-Apr/Jun. z-May. †Meat Commission average livestock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Mar	794	805	810	798
May	798	816	812	796
Jul	807	826	822	807
Sep	817	835	832	815
Dec	846	864	860	846
Mar	845	864	860	845
May	838	849	846	837

Turnover: 4222 (3429) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 22: 1078.81 (1083.63); 10 day average for Mar 23: 1098.06 (1098.49).

COFFEE £/tonne

	Close	Previous	High/Low	
Mar	1102	1120	1112	1090
May	1079	1094	1090	1065
Jly	1041	1054	1050	1030
Sep	1029	1035	1035	1020
Nov	1026	1038	1025	1015
Jan	1025	1038	1022	1015
Mar	1028	1040	1025	1015

Turnover: 2807 (7135) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 22: Comp. daily 114.77 (115.83); 15 day average 118.27 (119.06).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
May	250.00	259.20	259.80	246.00
Aug	250.00	261.00	261.40	250.00
Oct	250.00	258.80	259.60	248.60
Dec	246.00	254.00	[illegible]	[illegible]
Mar	246.00	253.00	250.00	244.80
White	**Close**	**Previous**	**High/Low**	
May	307.00	313.00	311.00	303.00
Aug	308.00	318.00	311.00	305.00
Oct	299.00	304.00	301.00	295.00
Dec	293.00	298.00		
Mar	287.00	292.00	288.00	284.50

Turnover: Raw 4742 (6063) lots of 50 tonnes. White 888 (1545).
Paris- White (FFr per tonne): May 1950, Aug 1950, Oct 1885, Dec 1870, Mar 1835, May 1825.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
1850	160	148	14	48
1900	89	93	42	90
2050	42	54	93	148
Copper (Grade A)	**Calls**		**Puts**	
2900	320	246	22	114
2950	175	149	74	211
3000	79	83	176	340

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 7,600 tonne
Cash	1985-90	1955-60		1985-7		
3 months	1965-8	1942-3	1985/1956	1986-8	1980-5	29,927 lots
Copper, Grade A (£ per tonne)						Ring turnover 24,000 tonne
Cash	1905-7	1912-5	1910/1905	1905-7		
3 months	1781-2	1788-9	1785/1779	1781-2	1782-3	65,546 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	605-6	601-3		605-6		
3 months	620-1	615-8		620-1		349 lots
Lead (£ per tonne)						Ring turnover 3,925 tonne
Cash	348.5-9	344.5-6		348.5-9		
3 months	358-9	354.5-5	358/354	358-9	355-6	8,977 lots
Nickel ($ per tonne)						Ring turnover 906 tonne
Cash	16100-200	16400-50		16100-200		
3 months	15600-900	16000-100	16100/15900	15850-900	15900-6000	5,571 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 5,300 tonne
Cash	1880-5	1835-40	1880	1880-5		
3 months	1820-5	1795-800	1820/1800	1820-5	1810-20	7,229 lots
Zinc ($ per tonne)						Ring turnover 8,025 tonne
Cash	1860-70	1815-25	1870	1860-70		
3 months	1780-5	1780-5	1790/1775	1780-8	1785-90	11,571 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Apr	66.2	67.6	67.0	65.0
May	82.0	83.9	85.0	81.5
Apr	132.5	133.9	134.5	132.3

Turnover 320 (222) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Apr	169.50	165.00	169.50	
Jun	168.00	158.00	161.00	160.00
Aug	168.00	158.00	168.00	
Oct	157.00	155.00	157.00	
Dec	155.00		155.00	

Turnover 267 (73) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Mar	1633	1632	1640	1633
Apr	1633	1627	1646	1634
May	1386	1380	1401	1386
Jul	1476	1465	1482	1465
Oct	1592	1585	1598	1590
Jan	1592	1515	1620	1615
Apr	1570	1565	1570	
BFI	1640	1640		

Turnover 221 (550)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Mar	116.20	118.50	118.20	
May	118.60	118.70	118.80	118.50
Jul	120.60	120.60	120.60	120.30
Sep	104.05	103.85	104.05	103.95
Nov	106.40	106.20	106.40	
Jan	109.10	109.95	109.15	
Mar	112.60	112.15	112.60	112.95
Barley	**Close**	**Previous**	**High/Low**	
Mar	109.60	110.25	110.00	109.60
May	111.50	111.70	111.65	111.50
Sep	99.50	100.10		
Nov	100.85	100.00	100.95	

Turnover: Wheat 212 (333), Barley 36 (24). Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	395¼-395¾	229-229½
Opening	394¾-395¼	228¾-229¼
Morning fix	395.00	229.369
Afternoon fix	394.50	228.795
Day's high	395-395½	
Day's low	394¼-395	
Coins	**$ price**	**£ equivalent**
Maple leaf	405-411	235-238
Britannia	405-411	235-238
US Eagle	405-411	235-238
Angel	405-411	235-238
Krugerrand	395-398	229-231
New Sov.	92½-93½	53½-54¼
Old Sov.	92½-93½	53½-54¼
Noble Plat	546.70-556.80	316.35-321.70

Silver fix	p/fine oz	US cts equiv
Spot	352.95	608.30
3 months	364.35	625.20
6 months	373.65	642.00
12 months	398.40	678.20

CRUDE OIL $/barrel

	Close	Previous	High/Low	
May	18.56	18.52	18.56	18.69
Jun	18.11	17.98	18.23	18.03
Jul	17.65	17.55	17.80	17.61
IPE Index	18.48	18.27		

Turnover: 5603 (5188)

GAS OIL $/tonne

	Close	Previous	High/Low	
Apr	155.50	154.25	157.00	155.00
May	153.75	152.75	155.00	153.25
Jun	153.25	151.50	154.50	152.00
Jul	152.25	152.25	154.50	151.75
Aug	155.00	153.50	155.75	[illegible]
Oct	156.50	157.00	156.50	
Nov	157.75	157.00	157.75	
Dec	159.00	156.75	159.00	158.25

Turnover 7390 (5981) lots of 100 tonnes.

US MARKETS

IN THE METALS, prices fell in all markets on scattered selling prompted by an advance in the dollar, reports Drexel Burnham Lambert. Stop loss selling was featured mainly in the gold, silver, and platinum markets. Platinum futures fell over 8 dollars, posting the days biggest decline. Copper prices slipped in local activity. In the softs, sugar prices fell again on some carryover selling from commission houses. Some evening up ahead of the long weekend by locals was also noted. Trade selling caused cocoa futures to settle near the lows. Coffee trading was slow with only some light arbitrage buying seen. Orange juice futures rallied sharply on rumors of higher cash prices. In the livestock markets, an expected lighter pace of slaughter over the weekend helped support the live hogs. Pork bellies were mixed as firm cash prices were offset by an expected bearish cold storage report. Cattle futures were also mixed with some foreign tenders for beef seen. The grain markets were all lower except for the wheat which gained 2 cents on rumors of Soviet tender business. The energy markets ended the week with higher prices in mainly local dealings.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	392.4	394.4	[illegible]	[illegible]
Apr	392.4	395.1	397.8	391.7
May	396.5	397.8	0	0
Jun	398.3	400.2	402.5	398.5
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz

	Close	Previous	High/Low	
Apr	537.4	546.9	547.5	531.0
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz

	Close	Previous	High/Low	
Mar	603.5	605.8	610.0	598.5
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	139.60	140.20	141.30	136.50
Apr	136.60	137.00	0	0
May	134.30	135.10	136.70	132.80
Jul	127.70	127.00	129.00	126.20
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	118.20	117.70	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	20.05	20.04	20.10	19.83
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes; $/tonnes

	Close	Previous	High/Low	
May	1427	1458	1460	1425
Jul	1340	1371	1367	1338
Sep	1339	1366	1346	1332
Dec	1330	1346	1346	1330
Mar	1325	1346	1340	1325
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 22	Mar 21	mnth ago	yr ago
2002.2	1995.4	1939.3	1732.0

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	138.26	138.25	137.02	132.05
Futures	138.96	140.25	139.04	134.64

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	784/4	792/0	793/0	784/0
Jul	795/0	801/4	803/2	794/0
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low	
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

INTL. COMPANIES

Securities firms to head list of Tokyo 'auction' flotations

By Stefan Wagstyl in Tokyo

THE FIRST five companies to be floated on the Tokyo Stock Exchange after the introduction of a controversial auction system next month will all be securities houses – at the behest of the Japanese Ministry of Finance.

The ministry has asked leading brokers to bring to the front of the flotation queue securities affiliates which they planned to list anyway in the near future. The idea is to ensure that the securities firms have a direct interest in getting the system off to a smooth start.

The issuing houses are under pressure to ensure nothing goes wrong – not least because of widespread criticism of alleged abuses under the current flotation system.

Auctions for pricing new issues are replacing a system under which issue price is calculated by the stockbroker handling the sale. The reform follows concern at the sight of many new issues soaring above the offer price on the first day's trading.

There was suspicion that investors connected to a new issue company and to the stockbroking house handling the sale made big profits.

The authorities were stirred into action by revelations last summer that politicians, businessmen and others did well from the flotation in 1986 of Recruit Cosmos, a property company controlled by Recruit, a business information group.

Official concern was heightened by the sale of shares last November in Mitsubishi Motors Corporation, which jumped to a 70 per cent premium on the first day. The company and Nikko Securities, its sponsor, were embarrassed by reports that members of the public who tried to buy shares in the offer were told it was sold out – days before the subscription list officially opened.

Under the new scheme, companies will have to sell between a quarter and half of an issue – and at least 1m shares – at a pre-flotation auction. Bidders will be limited to a maximum of 5,000 shares and those who have an interest in either the company or its sponsoring brokerage will be barred from the auction.

The floor price at auction will be set near the prevailing price for a similar quoted company – taking activity, size and financial performance into account. The maximum auction price will be fixed at 30 per cent above the floor price.

An official of Universal Securities, a part-owned affiliate of Daiwa Securities and the first firm on the flotation list, said: "This has happened because of Recruit. The ministry is very concerned that the price movements should be narrower."

Daiwa agrees French link

By Ian Rodger in Tokyo

DAIWA SECURITIES, one of Japan's Big Four securities houses, and Crédit Agricole, France's largest bank, have agreed to co-operate in the mergers and acquisitions (M&A) business in the two countries.

This will be the second such deal for Daiwa in Europe. Earlier this month, it announced an agreement with the Agnelli business group in Italy. The group is seeking similar ties in Britain and West Germany in anticipation of an increase in M&A activity in Europe in the run-up to the 1992 market integration of the European Community.

The arrangement with Crédit Agricole is, for the moment, just to exchange information between Daiwa Europe, Daiwa's London-based subsidiary, and an investment banking subsidiary of Crédit Agricole.

A Daiwa official said the firm had had various contacts with Crédit Agricole over a long period, including managing Agricole's debt issues.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar held in narrow range

MAJOR CURRENCIES traded quietly on Thursday - the last day before the long Easter break for most financial centres. Figures on US Gross National Product in the fourth quarter of 1988, and UK inflation figures for February were much within market expectations.

Consequently both the dollar and sterling were left to trade in a relatively narrow range as most investors squared off positions and retreated to the sidelines.

US GNP data was revised upwards to show a rise in the fourth quarter of 2.4 per cent against 2.0 per cent previously. However, both the GNP deflator and the fixed weight deflator were unchanged from previous estimates at 5.3 per cent and 4.2 per cent respectively.

While the dollar may retain a bullish undertone, there has been very little incentive to push it firmer just recently. On Wednesday night Mr Alan Greenspan, chairman of the US Federal Reserve, said that tighter US monetary policy has not yet fully filtered through to the US economy. This was taken as a clear sign of the Fed's reluctance to move interest rates firmer just yet.

At the same time, the West German authorities have suggested that current domestic interest rate levels should be sufficient to counter inflationary trends. With central banks clearly looking for a period of stability, investors have taken more of a wait and see attitude.

The dollar closed at DM1.8715, benefiting from a little late short-covering. It closed on Wednesday at DM1.8690. It was also higher against the yen at Y131.25 from Y131.10. Elsewhere, it finished at SFr1.6260 from SFr1.6225 and FFr6.3325 compared with FFr6.3350. On Bank of England figures, the dollar's exchange rate index fell to 67.9 from 68.0.

UK inflation rose by 0.7 per cent to give an increase over the last year of 7.8 per cent compared with 7.5 per cent in the year to January. Market reaction was rather muted. The figure had been discounted after an earlier warning by Mr Nigel Lawson, UK Chancellor, that inflation would peak somewhere around 8 per cent. Much of the increase was due to increased mortgage costs, as shown by the underlying rise which was higher by just 0.2 per cent at 5.7 per cent.

On Bank of England figures, the pound's exchange rate index was 96.5 against 96.7 at the opening and 96.6 on Wednesday.

Sterling slipped to $1.7210 from $1.7225, but was unchanged against the D-Mark and yen at DM3.2200 and Y225.75 respectively. Elsewhere, it closed at SFr2.7975 from SFr2.7950 and FFr10.8975 compared with FFr10.9125.

£ IN NEW YORK

Mar.23	Close	Previous Close
£Spot	1.7210-1.7220	1.7270-1.7275
1 month	0.39-0.38pm	0.38-0.36pm
3 months	1.03-1.01pm	0.97-0.94pm
12 months	2.45-2.35pm	2.25-2.10pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.23	Previous
8.30 am	96.6	96.6
9.00 am	96.6	96.6
10.00 am	96.6	96.6
11.00 am	96.6	96.6
Noon	96.5	96.6
1.00 pm	96.5	96.6
2.00 pm	96.4	96.6
3.00 pm	96.5	96.6
4.00 pm	96.5	96.6

POUND SPOT- FORWARD AGAINST THE POUND

Mar.23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7185-1.7285	1.7205-1.7215	0.40-0.37cpm	2.68	1.05-1.00pm	2.38
Canada	2.0460-2.0525	2.0465-2.0475	0.24-0.13cpm	1.08	0.40-0.23pm	0.75
Netherlands	3.62¾-3.63¾	3.62¾-3.63¾	2-1¾cpm	6.19	5¾-5¼pm	5.78
Belgium	67.15-67.60	67.30-67.40	29-24cpm	4.72	79-70pm	4.42
Denmark	12.54¾-12.57¾	12.55-12.56	5½-4¼orepm	4.66	14¾-12¾pm	4.34
Ireland	1.2010-1.2055	1.2040-1.2050	0.59-0.49cpm	5.37	1.48-1.33pm	5.62
W. Germany	3.21¼-3.22¼	3.21¼-3.22¼	1¾-1¼pfpm	6.75	5¼-4¾pm	6.52
Portugal	263.30-266.90	263.30-264.30	16-22cdis	-0.86	17-94dis	-0.84
Spain	199.95-201.10	200.10-200.40	4-7cdis	-0.33	10-7pm	0.17
Italy	2361¾-2373¾	2365½-2366½	2-par lirepm	0.51	3-par pm	0.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.7185-1.7285	1.7205-1.7215	0.40-0.37cpm	2.68	1.05-1.00pm	2.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

Mar 23	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*All SDR rates are for Mar.22

CURRENCY MOVEMENTS

Mar.23	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) *Rates are for Mar.22.

OTHER CURRENCIES

Mar.23	£	$
[illegible]	[illegible]	[illegible]
S. Af (Fn)	7.0425-7.1895	4.0815-4.1665
Taiwan	47.10-47.35	27.25-27.35
U.A.E.	6.3310-6.3430	3.6725-3.6735

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7210	1.7172	1.7108	1.7038	1.6973
D-mark	3.2200	3.2021	3.1697	3.1271	3.0570
French Fr.	10.898	10.860	10.795	10.708	10.583
Swiss Fr.	2.7975	2.7810	2.7498	2.7068	2.6343
Yen	225.75	224.25	221.29	217.20	210.57

MONEY MARKETS

Firmer tone

INTEREST RATES were slightly firmer in London on Thursday, as figures for February retail prices confirmed fears that UK inflation has yet to reach a peak. Even though the year-on-year rise of 7.8 per cent was much in line with expectations, the key three-month interbank money market rate rose to 13-12 15/16 per cent from 12 15/16-12 13/16 per cent.

The Bank of England forecast a shortage of around £750m. Factors affecting the market including bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance draining £414m. A rise in the note circulation accounted for a further £555m, while banks brought forward balances £205m below target.

The forecast was revised to a shortage of £700m, and the Bank gave assistance in the morning of £98m through outright purchases of £50m of eligible bank bills in band 1 at 12⅞ per cent and £48m in band 2 at 12 13/16 per cent.

A further revision took the forecast to a shortage of around £650m, and the Bank gave additional assistance in the afternoon of £575m through outright purchases of £500m of eligible bank bills in band 1 at 12⅞ per cent and £75m in band 2 at 12 13/16 per cent.

UK clearing bank base lending rate
13 per cent
from November 25

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.23	% change from central rate	% change adjusted for divergence	Divergence limit %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Mar.23	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

Mar.23	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.
£	1.	1.721	3.220	225.8	10.90	2.798	3.633	2366	2.047	67.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.23) 3 months US dollars		6 months US Dollars	
bid 10¼	offer 10⅜	bid 10⅜	offer 10½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)		Treasury Bills and Bonds	
[illegible]	[illegible]	[illegible]	[illegible]

Mar.23	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Mar.23	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE OPTIONS AND FUTURES

THREE MONTH EURODOLLAR $1m points of 100%	Close	High	Low	Prev.
Jun	89.17	89.17	89.00	89.00
Sep	89.08	89.05	89.00	88.91
Dec	89.13	89.11	89.09	89.00
Mar	89.52	89.54	89.53	89.44

Est. Vol. (inc. figs. not shown) 9686 (12616)
Previous day's open int. 49309 (48991)

6% NOTIONAL GERMAN GOVT. BOND DM 250,000 100ths of 100%	Close	High	Low	Prev
Jun	93.24	93.28	93.15	93.18
Sep	92.77	92.76	92.76	92.72
Dec	92.46			92.41

Estimated Volume 6410 (12533)
Previous day's open int. 30793 (29856)

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

LONDON TRADED OPTIONS

ROLLS-ROYCE moved further ahead in traded options dealings on Thursday, to command around one-seventh of all options trading. Dealings in the stock option amounted to 5,371 contracts, of which 5,172 were call and only 199 put. The underlying share price gained 7p more, to 174p, on the back of Wednesday's news of improved profits for 1988 and the £1bn contract placed by American Airlines.

British Gas, a source of some confusion the previous day over the question of unmatched bargains, was up 2p on the underlying market to 180p, and attracted 2,622 agreed contracts yesterday, made up of 2,582 calls and no more than 40 puts. The dust settled on open interest in the stock of 31,297 call contracts and 26,888 put.

Overall market business reached the modest total by recent standards of 36,974 contracts, comprised in 26,174 calls and 10,800 puts. The FT-SE 100 index again saw an upwards pull from the London International Financial Futures Exchange, from both the March and June series. The index itself gained 8.4 points on the day to 2,057.0, recovering part of recent losses. Options trading in the index came to 5,769 contracts, weighted more towards the put side than to the call. There were 2,457 calls traded, against 3,312 puts. The March 2,050 put stood out from other series in terms of total volume, on 1,046 contracts, but an early count of the change in open interest in the series showed no more than a fall of one contract to 3,021.

The Rolls-Royce business attracted 1,703 contracts in the June 180 calls and 1,135 in the September 180, though there was closing of position in both series, particularly heavy in the September. The business in Gas was largely to be found in the June 200 calls, which attracted 2,133 contracts, almost exclusively opening, and raising the number of exerciseable contracts to 4,648 from 2,679.

British Petroleum found 2,069 contracts, made up of 1,774 calls and 295 puts, with 1,089 contracts handled in the April 300 calls. Racal saw 496 calls and 1,540 puts, and Consolidated Gold Fields 1,127 calls and 836 puts.

Option		Calls Apr	Jul	Oct	Puts Apr	Jul	Oct
Allid Lyons (*453)	420	38	50	-	2½	10	-
	460	9	25	42	15	27	34
Brit. Airways (*191)	180	13	26	26	2	7	9
	200	4	10	16	11	17	20
	220	1	5	8	30	33	35
Brit. Com (*201)	200	10	17	24	6	12	14
	220	2	8	13	22	22	24
	240	1	3	6	42	44	45
Boots (*269)	240	31	39	44	1	5	8
	260	12	25	33	3½	11	14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Apr	Jul	Oct	Puts Apr	Jul	Oct
Trafalgar (*355)	330	70	38	48	3	12	14
	360	9	20	30	12	24	28
Utd.Biscuits (*316)	280	38	46	53	½	6	7
	300	19	31	40	2½	12	14
	330	4½	16	24	17	29	30
Ultramar (*288)	275	20	-	-	7	-	-
	280	-	37	47	-	16	24
	294	12	-	-	15	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Mar	Jun	Sep	Puts Mar	Jun	Sep
Amstrad (*143)	140	5	17	21	3	8	11
	160	1	9½	15	19	21	34
	180	½	3½	7	39	40	42
Barclays (*432)	390	45	60	70	1	2	7
	420	15	33	45	1½	9	15
	460	1	12	22	70	33	37
Blue Circle (*533)	500	34	46	64	2	18	28
	550	2	24	40	20	42	50
	600	1	10	20	70	82	88
British Gas (*180)	160	20	26½	28	½	1½	4
	180	2½	11½	14	2½	6½	11
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WORLD STOCK MARKETS

INDICES

NEW YORK — DOW JONES

	Mar 23	Mar 22	Mar 21	Mar 20	1989 High	1989 Low	Since compilation High	Since compilation Low
ϕIndustrials	2243.04	2263.21	2266.25	2262.50	2347.14 (7/2)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	87.35	87.42	87.49	87.67	89.62 (8/2)	87.35 (23/3)	–	–
Transport	1008.09	1024.74	1034.12	1026.20	1087.97 (7/2)	959.95 (3/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	182.14	182.37	182.31	182.08	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

ϕDay's High 2274.82 (2276.61) Low 2235.89 (2247.14)

STANDARD AND POOR'S	Mar 23	Mar 22	Mar 21	Mar 20	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	288.98	290.49	291.33	289.92	299.63 (7/2)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	332.79	334.54	335.85	334.17	346.41 (7/2)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	26.94	27.07	27.14	27.01	27.49 (16/3)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	162.64	163.41	163.80	163.13	168.10 (16/3)	154.90 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	324.87	325.88	326.49	325.49	332.52 (16/3)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	400.94	400.57	401.77	398.50	409.51 (16/3)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Mar 17	Mar 10	Mar 3	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.70	3.70	3.35
	Mar 15	Mar 8	Mar 1	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.23	2.94
S & P Indl P/E ratio	13.17	13.04	12.68	15.35

TRADING ACTIVITY — † Volume (Millions)

	Mar 23	Mar 22	Mar 21
New York	153.750	146.570	142.010
Amex	9.658	8.929	9.953
OTC	149.178	136.377	123.726

NEW YORK	Mar 23	Mar 22	Mar 21
Issues Traded	1,938	1,935	1,928
Rises	565	593	870
Falls	835	782	542
Unchanged	538	560	516
New Highs	25	19	12
New Lows	39	39	39

CANADA

TORONTO	Mar 23	Mar 22	Mar 21	Mar 20	1989 High	1989 Low
Metals & Minerals	3241.4	3267.9	3324.9	3323.9	3564.9 (6/2)	3207.5 (3/1)
Composite	3546.9	3558.1	3578.2	3576.7	3696.1 (8/2)	3350.5 (4/1)
MONTREAL Portfolio	1752.60	1765.22	1779.42	1776.58	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
AT&T	6,103,500	31½	—
Lilco	2,600,800	14⅞	—
Polaroid	2,458,600	40½	- ⅜
IBM	2,015,400	109⅝	+ ½
General Electric	1,810,500	44	1
Union Carbide	1,580,700	29⅛	- ⅜
Tandy	1,487,400	42	- ⅞
Valero	1,440,800	14	+ ½
Commonw'th Ed	1,336,400	33⅛	- ⅛
Digital Equipment	1,243,700	97⅛	+ ⅜

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar. 23	Mar. 22	Mar. 21	Mar. 20	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1486.0	1488.7	1483.6	1484.4	1551.7 (31/1)	1448.1 (17/2)
All Mining (1/1/80)	695.0	694.2	687.5	686.9	727.0 (26/1)	654.6 (16/2)
AUSTRIA						
Credit Aktien (30/12/84)	275.32	274.52	272.63	269.32	275.32 (23/3)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5665.52	5665.59	5650.62	5669.38	5834.01 (10/2)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	(c)	(u)	285.67	286.49	291.83 (10/2)	275.49 (27/2)
FINLAND						
Unitas General (1975)	(c)	779.0	781.4	775.4	791.7 (14/3)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	441.2	442.4	436.2	436.1	457.3 (6/2)	417.9 (4/1)
Ind. Tendance (30/12/88)	103.3	103.4	102.9	101.7	108.1 (3/2)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	548.77	550.68	548.54	547.50	569.27 (8/2)	535.78 (27/2)
Commerzbank (1/12/53)	1632.5	1638.4	1631.8	1628.5	1705.6 (5/1)	1595.7 (27/2)
DAX (30/12/87)	1306.77	1303.67	1303.28	1303.36	1371.10 (5/1)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3049.62	3037.05	3056.43	3046.73	3209.96 (9/2)	2706.69 (3/1)
ITALY ♦						
Banca Com. Ital. (1972)	600.14	598.64	591.85	592.29	615.89 (17/1)	577.49 (28/2)
JAPAN **						
Nikkei (16/5/49)	31588.66	31443.24	(c)	31654.8	32452.49 (23/2)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2380.17	2370.06	(c)	2395.04	2490.07 (8/2)	2366.91 (6/1)
NETHERLANDS						
CBS Td.Rtn.Gen.(End 1983)	(u)	226.1	226.4	224.9	229.5 (16/3)	208.3 (3/1)
CBS All Shr (End 1983)	(u)	180.9	181.0	179.9	183.6 (16/3)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	(c)	586.41	585.48	575.78	590.14 (7/3)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1180.73	1183.44	1175.46	1168.56	1187.53 (17/3)	1050.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1640.0ϕ	1635.0	1628.0	1632.0	1640.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2421.0ϕ	2425.0	2436.0	2455.0	2455.0 (20/3)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	(c)	278.03	277.26	278.44	283.93 (17/1)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3839.6	(u)	3811.6	3834.9	3889.9 (14/3)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	653.3	653.1	650.1	649.2	654.7 (16/3)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	493.8	496.7	493.6	519.0 (17/2)	493.8 (22/2)

** March 24: Japan Nikkei: 31,568.52 Tokyo SE: 2373.00.
♦ March 24: Italy Banca Com: 600.94.
ϕ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

ASIA PACIFIC

Nikkei slips as spring lull hampers trading volume

Tokyo

INTEREST in equities suffered from spring torpor yesterday, and share prices eased in very quiet trading, *writes Michiyo Nakamoto in Tokyo.*

Thursday had seen a moderate rebound in share prices, with the Nikkei average finishing up 145.43 at 31,586.68. Yesterday, after an early attempt to retain Thursday's strength, the Nikkei average retreated, closing 20.14 down at 31,568.52. The day's high was 31,699.83 while the low was 31,477.97. Declining stocks led advancing issues by 611 to 289, while 193 issues were unchanged.

Turnover, at 681.45m shares, was even lower than the 782.25m traded on Thursday. The Topix index of all listed shares decreased 7.17 yesterday to 2,373.00, but in later trading in London the ISE/Nikkei index picked up 6.49 to 1,888.82.

On Thursday, a recovery in the external environment had helped to revive a measure of confidence in the market. Investors were beginning to feel that the market had hit bottom for the time being and expectations of a rally began to surface again.

Yesterday, however, activity was "very, very slow," according to Mr Nicola Salaiti at UBS Phillips and Drew. Investors were reluctant to take an active part in the market before the closing of their books, and preferred to await the outcome of managers' meetings at two of the major brokers.

Even the launch of new investment trust funds, of which an estimated Y300bn was expected to flow into the equity market, failed to stir interest. New investment trust funds have not been selling well under the present market environment, analysts said.

Fears about inflationary pressures abroad and at home, on higher oil prices and a weaker yen, kept market participants wary. Investors and dealers expect the market to be slow-going until next month, with interest focusing mainly on special situation stocks.

Steels, which had seen some gains on Thursday, fell back yesterday. Nippon Steel, the most actively traded issue with 28.3m shares, lost Y5 to Y900. Daido Steel, which gained Y200 on Thursday, dropped Y30 to Y1,530. It was second on the volumes list with 21.9m shares. NKK, however, which was third in volume with 17.7m shares, advanced Y13 to Y890.

Construction issues succumbed to profit-taking, which was not unexpected considering their recent high levels. Fujita, which had risen Y80 on Thursday, lost Y20 to Y2,130. Kajima fell Y60 to Y2,420 and Sato Kogyo Y40 to Y2,440.

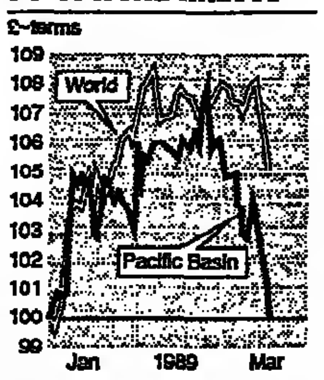
NTT, which at one stage had recovered to the level of its original issue price of Y1.6m on Thursday, fell back Y30,000 to Y1.57m. Investors have been discouraged by talk of splitting up NTT into several companies.

Moreover, the Finance Minister said he was considering delaying the fourth public offering of NTT shares, scheduled for this autumn, and reducing the number of shares to be offered.

Trading in Osaka was as phlegmatic as in Tokyo and the OSE average fell 20.73 to 29,825.36. Volume, however, improved to 189.74m shares from the 157.78m traded on Thursday.

Tokyo Electric Power made a sharp recovery, increasing Y240 to Y5,090.

FT-A World Indices



Roundup

THE MAIN Asia Pacific markets were closed yesterday. On Thursday, SINGAPORE again saw very heavy turnover at 109m shares. The Straits Times industrial index fell 2.71 to 1,180.73.

AUSTRALIA was quiet and the All Ordinaries index lost 2.7 to 1,486.0. Chase Corp rallied 1 cent to 43 cents following its rescue by AFP Group.

HONG KONG drew moderate volume of HK$1.22bn, and the Hang Seng index rose 12.57 to 3,049.62.

EUROPE

Demand for banking issues boosts Milan

MOST of Europe was closed yesterday for the Good Friday holiday, although Milan moved higher in moderate trade. Turnover on Thursday was thin, with many market participants already away for the Easter break, but shares ended generally firmer, *writes Our Markets Staff.*

MILAN yesterday saw strong demand in the banking sector, and most shares rose after a dull opening. The Comit index gained 0.8 to 600.94. On Thursday, Milan had ended slightly higher after profit-taking had trimmed gains in volume estimated to be similar to Wednesday's L170bn.

Yesterday, BNA bank jumped L850, or 5.6 per cent, to L15,850 after the previous night's news that state bank Credito Italiano had raised its stake to 7.9 per cent. Bonifiche Siele, parent holding company of BNA, rose L2,690, or 5.4 per cent, to L49,900.

PARIS was underpinned on Thursday by good profits news and ended near the day's highs. The CAC 40 index added 2.83 to 1,634.73 and the OMF 50 index rose 1.22 to 459.64.

The retailing sector took heart from better-than-expected results from Printemps. It rose FFr28 to FFr599, while fellow retailer Nouvelles Galeries jumped FFr26, or 5 per cent, to FFr544 and Casino climbed FFr12.20, or 5.9 per cent, to FFr317.50.

Thomson-CSF put on FFr2 to FFr237. At the close, it reported annual profits up 14 per cent, better than expected.

FRANKFURT finished mixed, with the FAZ index down 1.91 at 548.77 at midsession and the DAX reflecting a later pick-up by closing 3.10 higher at 1,306.77. Volume was thin at DM2.5bn. As one observer put it: "There was not a great deal going on."

A fall in overnight call money rates provided a psychological boost, easing worries about interest rates, while higher-than-expected money supply growth in February did not hurt the market badly, being seen as distorted by seasonal factors, said one analyst.

Siemens held its annual general meeting, with little new emerging, and the share price ended DM3 lower at DM523.50.

Chemicals were firm again in the wake of their strong results, with Hoechst up DM2.70 at DM299.40 and Bayer DM2.30 better at DM296.80.

AMSTERDAM also saw thin trading, with shares given a late lift by a firmer Wall Street start. The CBS tendency index added 0.4 to 170.9.

Fokker lost Fl 1.80 to Fl 46.30 on profit-taking. American Airlines confirmed a huge order for Fokker 100s on Wednesday.

Center Parcs ended 80 cents higher at Fl 65 and NMB bank rose Fl 2.50 to Fl 241 after both forecast higher profits in 1989.

ZURICH was little changed, with turnover hit by the onset of the holidays. The Crédit Suisse index eased 1.4 to 557.1.

Jacobs Suchard came off on profit-taking, after a positive response on Wednesday to its profits news; its bearers fell SFr60 to SFr7,400. Nestlé bearers gained SFr5 to SFr7,255, reacting to Wednesday's late news of an 11.5 per cent rise in profits, a higher dividend and a one-for-20 rights issue.

BRUSSELS benefited from the release of healthy results from retailer Delhaize, which rose BFr60 to BFr5,210 on news of 43 per cent higher group earnings and a 30 per cent rise in the dividend.

STOCKHOLM saw a sharp gain in forestry company Stora as investors continued to snap up the stock after its news on Monday of improved annual profits. Stora free Bs rose SKr10 to SKr418 following several buy recommendations.

Trading was generally quiet and the Affärsvärlden index edged up 3.2 to 1,118.4.

AMERICA

Technical move pulls Dow sharply lower

Wall Street

A MYSTIFYING afternoon sell-off took blue chip stocks sharply lower on Thursday in thin trading before the Easter weekend, *writes Anatole Kaletsky in New York.* Wall Street was closed yesterday for the Good Friday holiday.

The Dow Jones Industrial Average lost 20.17 to 2,243.04, in spite of a further modest improvement in bonds.

Broader market indices, however, were hit much less severely by what analysts described as a technical move that had been exaggerated by computerised programme trading in an otherwise inactive market. The Standard & Poor's 500 fell only 1.51 to 288.98, while, in the over-the-counter market, the NASDAQ OTC average rose 0.37 to 400.94.

Trading on the New York Stock Exchange was moderate at 153m shares, but a large part of this volume was attributed to programme trading and position squaring before the long weekend. Declining shares outnumbered advancing ones by 835 to 565.

The day began on a positive note, with modest increases in both the stock and bond markets. Bonds held on to some of their gains throughout the day, with the benchmark long bond closing ⅛ up at 96⅝, a price at which it yielded 9.21 per cent.

Stocks, however, began to fall at about lunchtime, with the largest losses registered by transport companies. The Dow Transportation index fell by 16.65 to 1,008.09.

Transport businesses are particularly sensitive to economic downturns, and the abrupt declines in airline and railway issues were thought to reflect growing fears that the Federal Reserve's monetary tightening might ultimately induce a recession.

Among victims of the transport setback were AMR, parent company of American Airlines, which fell $1⅝ to $56¼, and Burlington Northern, which was down $⅞ at $23¼.

Consumer growth stocks, which had been in vogue recently, were also badly hit. Philip Morris lost $2 to $114⅞, while McDonalds declined $1⅛ to $43⅝.

Technology stocks did better in what was viewed as a technical reaction to their big losses on Wednesday. Digital Equipment, which had been at the forefront of the declines, recovered $1 to $96¾.

Another strong stock was MCA, the film, record and music company. It gained $1¼ to $61⅞ on a report in Variety that it was contemplating a merger or financial link with Rank Organisation of the UK.

Canada

FALLING resource issues pulled Toronto lower on Thursday in thin trading.

The composite index dropped 11.2 to 3,546.9 on light turnover of 18m shares. Investors kept away after the prime rate increase by banks.

Bank of Montreal was the most active leading stock, easing C$⅛ to C$27⅞.

SOUTH AFRICA

JOHANNESBURG finished mixed on Thursday, with diamond stock De Beers featuring again. It closed 35 cents higher at R62.50 after reaching R64.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 23 1989					WEDNESDAY MARCH 22 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	138.82	+1.0	119.59	111.54	4.96	137.51	118.36	111.68	157.12	91.16	119.90
Austria (18)	107.94	+0.7	92.99	104.67	2.40	107.15	92.23	104.27	107.94	83.72	92.59
Belgium (63)	130.07	+0.1	112.05	125.90	4.12	129.94	111.84	125.94	139.89	99.14	137.27
Canada (125)	133.58	-0.2	115.08	115.06	3.33	133.67	115.22	115.35	137.27	107.06	121.96
Denmark (39)	168.19	+0.0	144.89	166.88	1.89	168.25	144.81	166.88	180.38	111.42	118.95
Finland (26)	145.77	+0.0	125.58	129.10	1.42	145.77	125.47	129.10	147.07	106.78	125.01
France (130)	115.21	+0.3	99.25	114.44	2.86	114.91	98.91	114.19	119.98	72.77	84.23
West Germany (102)	83.05	-0.2	71.54	80.80	2.35	83.24	71.64	80.88	90.40	67.78	79.96
Hong Kong (44)	129.46	+0.7	111.53	129.43	3.78	128.61	110.70	128.66	133.77	84.90	99.36
Ireland (17)	142.26	-0.3	122.56	140.13	3.63	142.66	122.79	140.72	146.46	104.60	121.30
Italy (98)	80.94	+0.2	69.72	83.11	2.44	80.75	69.50	82.87	86.88	62.99	79.37
Japan (456)	183.15	+0.4	157.78	151.95	0.49	182.39	156.98	151.14	200.11	133.61	168.40
Malaysia (36)	161.66	+0.2	139.26	171.09	2.68	161.37	138.90	171.01	161.66	107.83	121.37
Mexico (13)	167.25	+0.4	144.08	435.58	1.17	166.54	143.34	433.91	182.24	90.07	137.01
Netherland (39)	116.01	-0.1	99.94	111.75	4.52	116.16	99.98	111.78	117.71	95.23	108.69
New Zealand (24)	70.82	+0.6	61.01	60.90	6.47	70.39	60.59	60.75	84.05	63.32	79.15
Norway (26)	171.22	+0.0	147.50	157.74	1.83	171.16	147.32	157.74	174.29	98.55	124.25
Singapore (26)	146.44	-0.1	126.15	130.99	2.07	146.64	126.21	131.10	147.62	97.32	112.57
South Africa (60)	141.41	-0.2	121.82	127.46	3.97	141.75	122.00	127.77	141.89	98.26	137.70
Spain (42)	146.49	+0.2	126.19	129.01	3.75	146.17	125.81	129.01	164.47	130.73	151.10
Sweden (35)	156.91	+0.1	135.17	148.14	2.31	156.82	134.97	148.05	158.38	96.92	119.92
Switzerland (57)	75.01	-0.2	64.62	75.61	2.40	75.18	64.71	75.63	86.75	74.13	85.05
United Kingdom (314)	147.86	+0.3	127.38	127.38	4.39	147.42	126.88	126.88	153.33	120.66	136.28
USA (568)	117.69	-0.5	101.38	117.69	3.69	118.27	101.79	118.27	121.90	99.19	107.43
Europe (1006)	118.07	+0.1	101.71	108.88	3.58	117.90	101.48	108.66	120.88	97.01	108.95
Nordic (126)	148.70	+0.0	128.10	145.90	2.02	148.67	127.96	145.86	149.38	95.22	111.45
Pacific Basin (675)	179.03	+0.4	154.23	149.06	0.71	178.25	153.42	148.31	194.72	130.81	163.80
Euro-Pacific (1681)	154.67	+0.3	133.24	133.00	1.60	154.14	132.67	132.45	164.22	120.36	141.87
North America (693)	118.53	-0.5	102.11	117.56	3.67	119.10	102.51	118.12	122.71	99.78	108.21
Europe Ex. UK (692)	99.67	+0.0	85.86	97.41	2.91	99.65	85.77	97.36	103.11	80.28	91.97
Pacific Ex. Japan (219)	129.59	+0.7	111.64	112.73	4.40	128.64	110.72	112.57	137.65	87.51	108.40
World Ex. US (1879)	153.81	+0.3	132.50	132.47	1.68	153.31	131.96	131.96	162.77	120.26	141.15
World Ex. UK (2133)	139.05	+0.1	119.78	127.46	2.07	138.98	119.62	127.35	146.04	111.77	127.34
World Ex. So. Af. (2387)	139.81	+0.1	120.44	127.45	2.28	139.70	120.25	127.30	146.65	113.26	128.06
World Ex. Japan (1991)	119.09	-0.2	102.59	114.78	3.67	119.31	102.69	115.01	122.37	100.00	108.80
The World Index (2447)	139.82	+0.1	120.45	127.44	2.29	139.72	120.26	127.29	146.51	113.37	128.12

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Markets closed March 23: Denmark, Finland, Norway and Spain.

Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Wednesday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Wednesday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks No. of bargains included 14

Greater London Council 9¼% Stk 90/92 - £89
Birmingham Corp 2½% Stk 1926(or after) - £20
3% Stk 1947(or after) - £24
Birmingham District Council 11½% Red Stk 2012 - £105½
Hull Corp 3½% Stk(1st Iss) - £25♦
Newcastle-Upon-Tyne(City of) 11½% Red Stk 2017 - £104 (20Mr89)

UK Public Boards

Commonwealth-Government

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

National Westminster Bank PLC ADR (3:1) - £17% (20Mr89)
7% Cum Prf £1 - 09 (20Mr89)
9% Subord Uns Ld Stk 1993 - £92♦ 3♦
Royal Bank of Scotland Group PLC 11% Cum Prf £1 - 100 (20Mr89)
Schroders PLC 8¾% Uns Ln Stk 97/2002 - £87½
Standard Chartered PLC 12½% Subord Uns Ln Stk 2002/07 - £106½ (17Mr89)
TSB Group PLC 10¾% Subord Ln Stk 2008 - £97¾ 0½ ¾
Warburg (S.G.) Group PLC 7¾% Cum Prf £1 - 86

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Plantations

Shipping

Utilities

Water Works

USM Appendix

The Third Market Appendix

Rule 535(2)

Silver Bear PLC Ord 2.5p - £0.1625 0.17
Southern Newspapers PLC Ord £1 - £3.15 (21Mr89)
Stewart Assurance Group PLC Ord 10p - £1.2 (21Mr89)
Sun Oil Britain Ld Oil Royalty Stk Units 1s - £0.73 0½
TSB Group PLC Var Rate Uns Ln Notes 1992 - £100.437 (17Mr89)
Weetabix Ld "A" Non.V Ord 25p - £4.9 (17Mr89)
Yates Bros Wine Lodges PLC Ord 25p - £2½ (21Mr89)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Associated Manganese Mines of SA £30.1 (20/3)
Austmark Int. 10♦
Aust. Foundation Inv 62 (17/3)
Australis Mining 3.5♦
Beverly Enterprises $8.625 ♦ (21/3)
Boral Ord Stk. £1.56♦
Brush Wellman $29.2498♦
Burwill Int 9.5657 (20/3)
City Developments S$3.6
Conex Aust 1 (17/3)
Cultus Resources 18♦
Gold & Mineral Exploration 15
Hexel Corp $34.25 .375 .5 ♦ (17/3)
Highveld Steel & Vanadium $4.08,4.15 R17.05,17.1
Jennings Properties A$.505 (20/3)
Killinghall Tin (Malaysia) Berhad Ord M$2.92
Kulim Malaysia Ord 27♦
Lawter International £6.95
Malaysian Plants 38♦40
McCarthy Group £1.65 R12.1 (17/3)
National Electronics (Consolidated) 1 ♦ 2 (20/3)
Ringini Mining $2.92 (20/3)
Nixdorf Computers AG Prf Shs £89.3
Nova an Alberta Corp Class "A" Com £5.81 (21/3)
Oil Search 28,30
Palabora Mining £7.25 (21/3)
Range Resources 2
Regal Hotels (Hldgs) 11.3 ♦ (21/3)
Samantha Explo. 3 (21/3)
Selangor Properties 41 ♦ (21/3)
Sensormatic Electronics £6.2 ♦ (21/3)
Target Resources 19♦
United Overseas Land S$2.06
Vam 3.5 (20/3)
Voltan Minerals 20 (17/3)
Winsor Industrial Corp HK$10.731

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

RPI figure satisfies equity markets

THE UK equity market went home for the Easter holidays in good form, as traders took a favourable view on Thursday of the latest economic statistics from both sides of the Atlantic. A cautious improvement in the second half of the session reversed an earlier setback of more than 16 FT-SE points. The initial slide in prices came as the market was badly upset by a substantial fall in shares of Consolidated Gold Fields as London reacted in horror to the overnight ruling by a New York court on Minorco's £3.2bn takeover offer.

The fall of nearly £2 in Gold Fields dealt a heavy blow to

Account Dealing Dates			
*First Dealings:	Mar 13	Apr 3	Apr 17
Option Declarations:	Mar 30	Apr 13	May 4
Last Dealings:	Mar 31	Apr 14	May 5
Account Day:	Apr 10	Apr 24	May 15

*New time dealings may take place from 9.00 am two business days earlier.

some trading houses in London, where investors had become overconfident that Minorco would surmount any legal hurdles and increase its bid to around £13.50 for each Gold Fields' share. The debacle provided a painful ending to a trading week which has brought similar shocks for dealers in shares of Scottish & Newcastle and Saatchi & Saatchi – both situations catching market makers wrong-footed – as well as for those throughout the brewery sector where the outcome of the UK Monopolies and Mergers Commission enquiry proved a trap for the unwary.

However, the market recovered its nerve quite quickly yesterday as the Footsie index steadied at 2,032. The February RPI figures for the UK showed the year-on-year increase at 7.8 per cent, comfortably in line with expectations and still short of the 8 per cent peak hinted at by Mr Nigel Lawson, the UK Chancellor.

London also responded favourably to the GNP data from the US, described by the US Treasury Secretary as indicating growth without inflation and, despite a lacklustre start by the New York market, UK equities extended mid-session gains to close at the best of the day, albeit in light trading.

At its final reading of 2057.0, the FT-SE index was 8.4 points ahead. The foreshortened trading week has seen the Footsie rallying from worries over US inflation prospects to end only 15 points down.

However, London will return from the Easter break to face significant tests of confidence in the shape of the UK trade figures for February, and the latest survey of business opinion by the Confederation of British Industry.

While confidence was steady in yesterday's market, and the institutions picked up some blue chip stocks, business died away in the second half of the trading session. Seaq volume of 407.8m shares compared with 504.1m on Wednesday.

Underlying tensions were reflected in persistent hints of losses at leading London-based securities firms. A US bank shed three senior bond traders, leaving it with a somewhat skeletal presence in the UK Government bonds sector.

Gold Fields tumble

The adverse ruling in New York on Minorco's £3.2bn bid for Consolidated Gold Fields came as a severe shock to London marketmakers, who had tended to overlook the significance of the US legal proceedings. Gold Fields' shares plunged by more than £2 at *one time, inflicting heavy losses* on some luckless traders and unsettling the entire equity market in the early part of the session.

"It is now up to Minorco to act quickly, and say whether it intends to appeal against this ruling, and, if so, whether this can be achieved inside the UK Takeover Panel deadline of April 26, or whether they can apply for an extension," commented Mr Jack Jones of Phillips & Drew, the UK securities house. The other alternative would be for Minorco to sell on its near-30 per cent stake in Gold Fields.

Gold Fields closed 183 down at 1250p, after rallying from 1215p on some US buying through the American Depositary Receipt (ADR) market. There was little opportunity to sell in the London market, and volume reached only 4.7m shares.

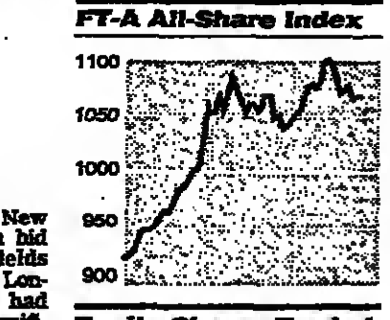
With the Minorco bid in jeopardy, UK analysts see Gold Fields as worth around £12 a share on fundamental trading grounds; after the latest developments, Minorco is thought less likely to make a new bid in the £13.50 area.

Health care fun

AMI Healthcare sprinted ahead after a story in an evening newspaper claimed that Bupa, Britain's largest private health care group, was preparing to make a bid for the company. The story was soon embellished with suggestions of a bid of £5 a share and of likely intervention by the Monopolies and Mergers Commission, details which added vim to keen institutional buying. However, after the stock touched 405p, AMI denied the report and marketmakers fell over each other to lower quotations. Within moments, the shares were back to only a few pence above the 333p opening price in even more rapid trading.

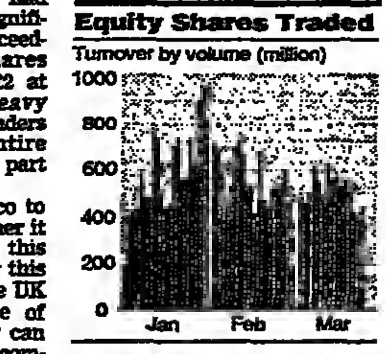
"Rumour buying and fact selling," said one dealer, who had weathered the storm better than some. "It got the adrenalin going, anyway." Another spoke more grimly of heated arguments with brokers who wanted to deal at prices out of date just seconds earlier.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



By the close the shares had bounced back again to 348p.

The run of heavy trading in both classes of BP stock was extended as institutions continued to buy agressively on *hopes of an even stronger performance* by recently firm crude oil prices.

Brent crude for May delivery raced up to touch $18.82 a barrel at one point after news of a small fire (quickly dealt with by the emergency services) at the Sullom Voe oil terminal. At the close May Brent was some 15 cents higher at $18.65.

BP "old" shares attracted turnover of 11m and ended the day a net 1¼ up at 289¼p with dealers and analysts highlighting the company's gearing to rising oil prices. The "new" shares showed turnover of a much smaller level – 1.7m – and edged up a penny to 184¼p.

Turnover in British Gas reached 6m and the shares moved up 2 to 179¼p. Enterprise Oil shrugged off the recent bout of nervousness caused by worries that the Texas Eastern deal may be running into problems over pre-emption rights and the shares rallied 7 to 538p.

Calor moved up 3 to 379p as nearly ½m shares changed hands mark with Smith New Court said to have been strong supporters of the stock. Mr Steve Turnover, oil company analyst at Smith New Court said the shares had "underperformed the market by 20 per cent since December, purely on the back of the mild weather during the winter." But he is now taking a bullish stance on *the stock; "no one will be surprised* by the company reporting poor figures in the summer, the dividend will be unchanged. Now is the time to look towards next year's prospects.

A horrid week for Saatchi & Saatchi ended with the shares unable to regain any of the ground lost since the chairman warned last Tuesday of an impending profits setback, the first for nearly twenty years. *Although selling pressure* was far less intense than over the previous two sessions, the price continued to bump along a five-year low level. It closed 3 easier, which extended the fall over the three days to 78 at 300p. Turnover contracted noticeably, amounting to 1.7m shares.

Other agencies have suffered in the wake of the news, although most were steadier yesterday. Charles Barker, hit earlier in the week, rebounded 3 to 81p on higher profits than expected. The steadier market conditions generally saw investors more ready to respond to investment advice.

A good example was Bunzl, which weakened after Tuesday's annual results, despite buy recommendations. The shares recovered 5 yesterday to 161p: Hoare Govett analysts, Ms Chris Munro and Mr Colin Tennant, believe Bunzl is set to benefit from its reorganisation into two divisions and expect *the shares to outperform in the medium term.*

The clearing banks managed to record modest gains in a generally quiet session. Barclays put on 3 to 432p on turnover of 2.3m. Standard Chartered were a similar amount up at 541p on 1.5m despite widespread concern about a rising tax charge and earnings dilution during the current year. The banks team at Citicorp said: "there is little to provoke interest in the shares until the outcome of the strategic review, not due until August." It rated the shares a short-term sell.

Prudential were the star performer in life assurances, advancing a further 5 to 194p – a week's rise of 13¼ – on turnover of 2.7m. The strong performance came in the wake of the preliminary figures announced in midweek which sharply diminished the *chances of the group having to raise capital via a rights issue* in the near future. A number of buy recommendations on the stock have been published.

Allied Lyons was the chief feature as brewery issues steadied after the two days of hectic trading that followed publication of the MMC's plans for a shake-up in the industry. Interest in Allied was initially sparked by speculation that Mr Alan Bond, the Australian entrepreneur, had turned down an offer for his 11 per cent stake in the UK group.

There was also talk that Mr Bond was paying cash for his convertible bonds in Allied, possibly as a prelude to selling his entire holding in the company. "There is a good chance that he's looking for another holder of that stake," said one analyst. Allied closed 6½ firmer at 451½p on turnover of 7.3m shares.

Other brewers were mixed in relatively quiet volume. Leaders Bass and Whitbread added 5 at 1063p and 5 at 337p respectively, whereas among busier regionals Wolverhampton & Dudley rose 6 to 449p. Cider manufacturer Bulmer gained 6 at 185p on hopes that it has much to gain from the loosening of the brewery tie, while Guinness lost some of the week's gains as profit-takers took off 3 at 433p. The slide in Scottish & Newcastle was finally halted as the shares closed a shade easier at 314½p; broking house Kitcat & Aitken believes that S&N remains an attractive target for any overseas group looking to break into the lucrative UK market, and is advising clients to buy the stock.

Rentokil, after announcing a near 24 per cent jump in profits on Wednesday, leapt 24 to 305p.

For the second day running Storehouse were a good market among listless retail stocks. Following Wednesday's talk that that Mr Asher Edelman, the US arbitrageur, had added to *his 7.1 per cent holding,* there were suggestions yesterday that another party was in the market building a stake. By the close Storehouse were 4 better at 180p on turnover of 3.3m shares. Press comment on its figures appeared to unsettle Kingfisher, and the shares fell 5 to 283p.

Racal Electronic continued to attract the biggest slice of turnover in the front-line electronics issues with 6.1m traded, compared with the 6.7m on Wednesday, 4m on Tuesday and 5.1m on Monday. The shares, under pressure for much of the week amid stories – subsequently denied – of a UK securities house downgrading their profits forecasts, rallied well to close 10 higher at 378p. Racal Telecom also gained ground, closing 11½ higher at 357p on 1.5m.

GEC drew strength after details of its most recent large-scale deal, that in power generation with French group CGE, advancing 4¼ to 232½p on 2.1m.

Of the second-liners VG Instruments jumped 13 to 289p amid profits recovery hopes. Unitech attracted strong support, adding 15 at 383p amid vague takeover speculation.

Another good turnover in Rolls Royce followed Wednesday's figures and engine order. The shares pushed 7 ahead to 181p, a 15-month high, as 10m shares changed hands.

There was some movement in smaller Engineering stocks. Persistent small buyers of Victaulic and TACE left dealers short in both. The former added 14 to 355p and the latter 8 to 258p while Rotork slipped 5 to 152p after posting a 10 per cent decline in full year figures. "Third profits fall in three years – not very impressive," commented a marketmaker.

Tate & Lyle's decision to buy out the 49 per cent minority in Canadian subsidiary Redpath, and simultaneously sell of Redpath's non-sugar interests was well received by dealers who regarded the deal as a positive move. Several broking houses have revised their forecasts in light of the disposal of Redpath's motor components and building products businesses; Hoare Govett, the company's brokers, has come down £5m to £175m for the year-end August 1989. Tate closed slightly easier at 244p on turnover of 1.2m shares.

Buyers motivated by further reflection on Tuesday's finals moved early on Bowater which added 6 to 471p. Turnover was 314,000. USM-quoted Bilston and Battersea lost 15 at 85p after revealing full year profits down 44% at £311,000.

Jessups, the motor distributor, stood out in an otherwise drab sector with a gain of 7 to 170p. A reasonable-sized buying order was effected by BZW.

Control Securities were again a good market, climbing 2 to 66½p on hopes that fellow property group Mountleigh (also 2 better, at 164p) might be enlarging its near 23 per cent stake prior to a full bid.

USM-listed Planning Research & Systems jumped 12 to 150p, while Gaskell Broadloom responded to impressive annual profits with a rise to 13 to 213p. IOM Steam Packet similarly benefited from trading news, jumping 40 to 425p.

Tyndall Holdings continued to show signs of strain awaiting Wednesday's delayed results and fell 11 more to 97p; the resignation of director Mr Bruce Clayton Bird was revealed yesterday. London Forfaiting was another casualty among financial trusts, weakening 17 further for a two-day slump of 38 on the warning that trading prospects were none too encouraging.

■ Other market statistics, including the FT-Actuaries Share Index. Page 9

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (227). [illegible]

NEW LOWS [illegible]

RISES AND FALLS

	On Thursday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	2	91	18	169	184	83
Corps. Dom. & Foreign Bonds	0	10	34	30	26	115
Industrials	378	302	896	1,346	1,760	3,197
Financial and Props	186	110	353	624	794	1,339
Oils	23	23	52	94	114	184
Plantations	1	0	11	4	3	41
Mines	50	33	102	178	164	392
Others	32	85	115	173	381	383
Totals	672	654	1,539	2,634	3,425	5,734

FINANCIAL TIMES STOCK INDICES

	Mar 23	Mar 22	Mar 21	Mar 20	Mar 17	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	88.10	88.19	88.10	87.98	88.29	90.34	89.29 (8/2)	86.05 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.79	98.84	98.83	99.20	99.23	97.52	99.59 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1698.4	1690.5	1709.8	1690.9	1705.5	1421.6	1761.1 (14/3)	1447.0 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	193.8	194.3	194.7	194.6	193.0	242.6	194.9 (20/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

	Mar 23	Mar 22	Mar 21	Mar 20	Mar 17	Year Ago
Ord. Div. Yield	4.54	4.56	4.51	4.53	4.48	4.58
Earning Yld %(full)	10.99	11.04	10.91	11.00	10.89	11.65
P/E Ratio(Net)(☆)	10.96	10.91	11.04	10.97	11.09	10.47
SEAQ Bargains(5pm)	26,098	29,491	29,593	29,118	29,813	33,292
Equity Turnover(£m)†	-	1112.43	994.45	1053.38	1352.82	1401.10
Equity Bargains†	-	33,918	34,440	33,759	33,126	37,777
Shares Traded (ml)†	-	429.7	400.8	409.7	432.7	516.1

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1680.0	1685.3	1686.8	1689.4	1692.5	1694.0	1697.3	1693.3

DAY'S HIGH 1699.2 DAY'S LOW 1677.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 10.90 †Excluding intra-market business. * Corrected figure.

● S.E. ACTIVITY

Indices	Mar 22	Mar 21
Gilt Edged Bargains	104.5	99.6
Equity Bargains	218.0	223.1
Equity Value	2240.5	2492.1
5-Day average		
Gilt Edged Bargains	103.1	105.6
Equity Bargains	222.5	225.2
Equity Value	2416.5	2477.0

● London Report and latest Share Index. Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system Thursday until 5 pm

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday March 23 1989

Shipping & Transport	+25.88	500 Share Index	+16.30
Building Materials	+25.14	All Share Index	+15.34
Mechanical Engineering	+23.46	Oil & Gas	+15.16
Capital Goods	+20.75	Brewers and Distillers	+13.82
Other Industrial Materials	+20.48	Consumer Group	+13.39
Electricals	+19.79	Mining Finance	+12.53
Leisure	+19.40	Insurance(Composite)	+12.46
Insurance(Life)	+19.15	Publishing & Printing	+12.09
Contracting, Construction	+18.12	Financial Group	+11.00
Health & Household Products	+18.97	Packaging & Paper	+10.78
Agencies	+18.87	Textiles	+10.49
Motors	+18.46	Stores	+10.23
Conglomerates	+18.26	Property	+10.20
Electronics	+17.83	Banks	+10.12
Chemicals	+17.68	Food Retailing	+9.79
Metals & Metal Forming	+17.63	Telephone Networks	+9.44
Other Groups	+17.36	Food Manufacturing	+9.21
Investment Trusts	+16.88	Overseas Traders	+9.20
Industrial Group	+16.51	Insurance(Brokers)	+5.73
Gold Mines Index	+16.46	Merchant Banks	+3.83

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	8/92	105-00	-4/32	10.69	10.64	10.54
		9.750	1/98	98-10	-4/32	10.04	9.95	9.83
		9.000	10/08	89-04	-5/32	8.10	8.02	9.97
US TREASURY *		8.875	2/99	96-13	+0/32	9.44	9.48	9.20
		8.875	2/19	96-12	+0/32	9.22	9.29	9.05
JAPAN	No 111	4.600	6/98	96.4680	-0.516	5.16	5.24	4.63
	No 2	5.700	3/07	108.2774	-0.151	5.04	5.08	4.81
GERMANY		6.375	11/98	96.0500	+0.050	6.94	6.93	6.91
FRANCE	BTAN	8.000	1/94	95.4113	+0.151	9.20	9.19	9.33
	OAT	8.125	5/99	94.0700	+0.075	9.03	8.93	9.11
CANADA *		10.250	12/98	97.6250	+0.175	10.64	10.49	10.35
NETHERLANDS		6.7500	10/98	97.6250	+0.150	7.09	7.14	7.12
AUSTRALIA		12.000	7/99	91.0259	+0.332	13.63	13.65	13.90

London closing. *denotes New York morning session
Yields: Local market standard. Prices. US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Talks failure adds to cocoa gloom

WHAT WAS the last significant bullish news to affect the cocoa market? The question is more difficult than it sounds.

Wading back through the *FT* cuttings file the first item that seems to fit the bill comes on January 18 this year. Headed "Rain dampens Malaysian cocoa hopes," it quotes local reports that extended wet weather had cut crop projections for 1988-89 from an earlier 240,000 tonnes to between 200,000 and 220,000.

Even at the time, however, the response was decidedly muted in a market which was weighed down by near-record stocks, disarray in the International Cocoa Agreement and the intransigent attitude of the Ivory Coast, the world's biggest producer. And it soon became clear that improved weather had put Malaysian production back on its relentless upward course. In its March market report Gill & Duffus, the London trade house, forecast Malaysia's 1988-89 output at a record 245,000 tonnes.

That report also forecast a fifth successive world supply/demand surplus of 199,000 tonnes, up 18,000 tonnes from the previous G & D estimate. As a result the total stock level was projected to surge past the end-September 1965 record of 845,000 tonnes to 896,000 tonnes.

It is worth pointing out that as a proportion of annual consumption that figure – equivalent to 22.3 weeks' supply – would still be slightly below the 22.8 weeks' level of 1982 and nowhere near the 33.9 weeks' supply peak represented by the 1965 figure. But in view of the other factors depressing the market at the moment no-one is taking much notice of such calculations.

The prospect of the cocoa agreement, which is designed to stabilise prices through the operation of a buffer stock system, coming to the market's rescue has long since faded almost to the point of invisibility. So the emergency talks held in London from March 13 to discuss the modification of the price defence range – currently way above the market – and the problem of producing members' non-payment of export levies, excited little hope, let alone expectation.

In the event the producers and consumers attending the meeting agreed on just one thing – to strike the defence range item from the agenda – and when discussions were abandoned ahead of schedule last Friday night the cocoa pact was in deeper crisis than when they started. On the levy problem neither side would yield, and with the producers already owing $95m in unpaid dues some consumers now feel the way is open for them to stop paying.

"The talks clearly revealed that the two sides are poles apart," commented one analyst. "Somebody must have thought that they would achieve something. But they are left in an untenable position which can only get worse."

Although cocoa dealers had not expected tangible progress at the talks, the negative outcome served to deepen the market's gloom and prepare the way for a further price slide this week. The trigger for that slide came with reports of selling by Sucrés et Denrees, the Paris trade house which earlier in the year bought a large amount of the cocoa that the Ivory Coast had been withholding from the market because it considered prices were too low.

Sucden was said to have sold 50,000 tonnes to an international operator, as well as making some sales to manufacturers. In response the second position on the London futures market dipped below £800 a tonne for the first time since last October. At Thursday's close the price was £798 a tonne, down £52 on the week.

The coffee market put in an equally lack-lustre performance, although there were no clear factors to account for the slide. Dealers blamed the softer tone in the New York market for the £71 fall to £1,079 tonne in London's second position futures price.

In the sugar market, where prices were also sharply lower, it was a matter of bullish influences disappearing rather than bearish factors emerging. In recent weeks values had been buoyed by demand from the Soviet Union, China, Mexico and Venezuela; but with that buying drying up this week the London daily raw sugar price sagged $21.80 to $2,816 a tonne.

On the London Metal Exchange last week's general retreat from recent peaks continued until prices rallied on Wednesday. Cash grade A copper dipped to £1,854.50 a tonne before ending the week £28.50 up at £1,908 a tonne; cash high grade zinc completed a seven-day run of falls at Tuesday's $1,782.50 a tonne, before closing on Thursday at $1,885 a tonne; and cash aluminium rallied to $1,990 a tonne from Monday's $1,907.50 a tonne.

Richard Mooney

APPOINTMENTS

Lord Marsh becomes Laurentian chairman

■ Lord Marsh (above) has been appointed executive chairman of LAURENTIAN HOLDING COMPANY and Laurentian Life. Mr James Cross, deputy chairman and chief executive, is returning to Canada.

■ OSTER COMMUNICATIONS INC, of Cedar Falls, Iowa, US, has appointed Mr Piers Fallowfield-Cooper as managing director of the London office of its subsidiary FutureSource. He was managing director of MKI Financial Network. FutureSource provides real-time futures and options market information.

■ ROYAL INSURANCE has made the following appointments. Mr David Parry, assistant managing director of Royal Life Holdings, becomes managing director, Royal International Insurance Holdings, from May 1. Mr Geoff Prince, assistant managing director of Royal International, becomes a director and general manager (corporate services) of Royal UK.

■ Mr Mike Ing has been appointed a director of ASSISTANCE INTERNATIONAL, a Bishopsgate Insurance subsidiary providing a 24-hour overseas emergency service for travellers needing medical care, repatriation, or vehicle repair. He remains travel marketing manager with Bishopsgate.

■ Mr Tira Wannamethee has been appointed a director of BARCLAYS DE ZOETE WEDD (ASIA), and representative of the BZW Group in Thailand. He was director and general manager of Vickers (Thailand).

■ Mr P.H. Wolton has been appointed a director of SCHRODER PENSIONS from April 1, and Mr D. Gibson, Mr R.D. Hutchinson and Mr C.N. Rodgers have been appointed assistant directors of Schroder Investment Management.

■ SILKOLENE LUBRICANTS has appointed Sir Charles Ball to the board and elected him chairman. He was chairman of Telephone Rentals, and is deputy chairman of Associated British Ports Holdings.

■ Mr Michael Jopling, MP for Westmorland and Lonsdale, has been appointed a non-executive director of BLAGDEN INDUSTRIES. Mr F. John Briggs retires from the board on June 30.

■ Mr David Patrick has been appointed director, defence systems division, at COMPUTER SCIENCES COMPANY. He was with Logica.

Mr Christopher Cornwell *(above)* becomes general manager UK and a director of GOODMAN FIELDER WATTIE (EUROPE). Mr C.S. Lyon retires as chairman on April 15, but continues on the board of Goodman Fielder Wattie in Australia.

■ Mr Denis Gamberoni has been appointed chairman of SONITROL, UK subsidiary of the Sonitrol Corporation, a US security company.

■ BERKELEY ST JAMES'S has appointed Mr Kevin Spring and Mr Stuart Bell as main board directors to head the pensions division. Mr Spring was a director and Mr Bell an associate director of Gissings.

■ Mr Ian Carroll has been appointed a main board director of NICO CONSTRUCTION. He was estimating director.

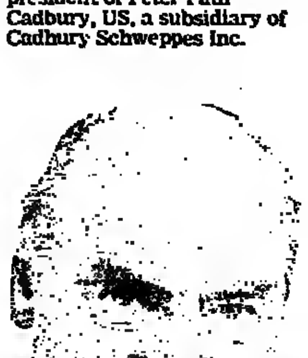
■ THE BURTON GROUP has appointed Mr John Davies as company secretary in succession to Mr Gerry Slater who is retiring at the end of May. Mr Davies also becomes a member of the executive management board.

■ THE RAVENHEAD CO has promoted Mr Mike Helyer to sales and marketing director. Mr Rod Oates becomes international sales and marketing director.

■ Mr T.C. Redmond has been appointed an executive director of BOWRING MARINE & ENERGY.

■ Mr Peter Sawdy has joined the board of LAING PROPERTIES as a non-executive director. He is a non-executive director of Costain Group, and deputy chairman of Hogg Robinson Gardner Mountain.

■ Mr William I. Savel has been appointed president and chief executive of BASKIN-ROBBINS INC., said to be the world's largest franchised ice cream operation, and a wholly-owned subsidiary of Allied-Lyons. He was president of Peter Paul Cadbury, US, a subsidiary of Cadbury Schweppes Inc.



Mr Donald Chilvers *(above)* has been appointed a non-executive director of TRY GROUP. He was a partner at Coopers & Lybrand.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

Provident Mutual Unit Tst Mgrs Ltd (0905)H
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	116.6	119.0d	126.5	-1	2.82
PM Income & Gth	5	102.7	104.7d	111.3	-1.4	4.78
PM Nth Amer Gth	5	46.58	46.58	49.55	-0.45	1.32
PM European Gth	5	47.24	47.24	50.25	+0.18	0.88
PM Japan Gth	5	73.77	73.90	78.61	+0.47	0.31
PM Overseas Gth	5	47.82	47.82	50.87	+0.17	0.52

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ψ – 0001 to 1100 hours; ‡ – 1101 to 1400 hours; ϕ – 1401 to 1700 hours; ◆ – 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Fund	291.0	306.4	—	—
Mar Pres Inc & Cap Fd	380.2	400.9	—	—
Money Fund	117.9	124.2	—	—
Pens Mngd Fd (Unit)	100.6	105.9	—	—
Pens Mngd Fd (Acc)	120.3	126.7	—	—
Pens FT30 Fd (Unit)	143.0	150.6	—	—
Pens FT30 Fd (Acc)	171.0	180.0	—	—
Pens O'seas MgFd (Unit)	72.0	75.8	—	—
Pens O'seas MgFd (Acc)	86.1	90.7	—	—
Pens Fxd Int Fd (Unit)	105.8	110.6	—	—
Pens Fxd Int Fd (Acc)	125.6	132.3	—	—
Pens Deposit Fd (Unit)	103.9	109.4	—	—
Pens Deposit Fd (Acc)	124.2	130.8	—	—

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	107.0	113.0	—	—
Building Soc. Fd	168.0	177.0	—	—
Balanced	274	289.0	—	—
Deposit	—	—	—	—
European	151.0	159.0	—	—
GT Managed	171.0	180.0	—	—
Gartmore Mngd	110.0	116.0	—	—
German	101.0	109.0	—	—
Gilt	177.0	187.0	—	—
Global	48.0	51.0	—	—
High Inc	116.8	123.0	—	—
International Equity	178.0	188.0	—	—
Japan	228.0	240.0	—	—
Managed	62.0	65.0	—	—
Property	275.0	291.0	—	—
R W Imperial Gold	131.0	138.0	—	—
UK Equity	[illegible]	393.0	—	—
Pension Funds				
American	135.0	143.0	-0.1	—
Building Soc. Fd	167.0	176.0	+1.0	—
Balanced	213.0	225.0	-1.0	—
Deposit	—	—	—	—
European	152.0	160.0	-3.0	—

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

IoM (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

BERMUDA AUTHORISED

[illegible]

JERSEY (**)

[illegible]

GUERNSEY (**)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	99	Treas 9½pc Cnv 1989	[illegible]	.....	9.52	12.30
[illegible]	97	Treas 3pc 1989	[illegible]	[illegible]	3.04	11.89
[illegible]	99	Treas 10½pc 1989	99½	.....	10.55	12.45
[illegible]	[illegible]	[illegible] 10pc 1989	[illegible]	.....	10.08	12.29
[illegible]	[illegible]	[illegible] 11pc 1989	[illegible]	[illegible]	11.07	12.29
97	95	Treas 5pc 1986-89	[illegible]	[illegible]	5.15	10.99
[illegible]	[illegible]	[illegible] 10¼pc Cv '89	[illegible]	.....	10.31	11.10
[illegible]	100	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.88	11.68
[illegible]	[illegible]	[illegible] 11pc 1990‡‡	[illegible]	[illegible]	11.07	11.69
[illegible]	100	[illegible] 12½pc 1990	[illegible]	[illegible]	12.41	11.70
93	91	Treas. 3pc 1990	93	.....	3.22	9.55
[illegible]	95	Treas 8¼pc 1987-90‡‡	[illegible]	[illegible]	8.57	11.57
[illegible]	96	Treas. 8pc Cv 1990 ‡‡	[illegible]	[illegible]	8.21	10.18
[illegible]	97	Treas. 10pc Cv 1990	[illegible]	[illegible]	10.20	11.43
90	87	Exch 2½pc 1990	[illegible]	[illegible]	2.78	9.28
[illegible]	100	Treas 11¾pc 1991	[illegible]	[illegible]	11.67	11.31
91	89	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	6.28	10.49
88	86	Treas. 3pc 1991	[illegible]	[illegible]	3.41	9.39
100	98	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	10.14	10.71
101	99	Exch. 11pc 1991	[illegible]	[illegible]	11.01	11.06
94	92	Treas. 8pc 1991	[illegible]	[illegible]	8.60	11.05
106	104	Treas 12¾pc 1992‡‡	104	[illegible]	12.17	10.74
99½	97	Treas 10pc 1992	[illegible]	[illegible]	10.19	10.78
94	91	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.61	10.80
100	98	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.58	10.77
85	82	Treas. 3pc 1992	83	[illegible]	3.57	8.83
[illegible]	103	[illegible] 12¼pc '92	104	[illegible]	11.75	10.74
109	107	[illegible] 13½pc 1992	[illegible]	[illegible]	12.50	10.65
[illegible]	[illegible]	Treas 8¼pc 1993	92	[illegible]	8.90	10.56
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.14	10.41
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	11.70	10.47
87	85	Funding 6pc 1993‡‡	[illegible]	.....	6.91	9.67
113	111	Treas 13¾pc 1993‡‡	111	[illegible]	12.30	10.47
[illegible]	91	Treas. 8½pc 1994	92	[illegible]	9.17	10.45
[illegible]	114	Treas 14½pc 1994‡‡	115	[illegible]	12.52	10.31

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

LONDON SHARE SERVICE

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CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
157p	130p	♦ABM Gold Corp ‖	134p	–6	—	—	—
17p	4½p	♦Abbot Energy Corp.	17p	.....	—	—	—
13¼	902p	♦Amer. Barrick Res.	12¼	–⅛	—	—	—
3¼p	2½p	♦Amer. Lightwave ‖	2½p	.....	—	—	—
19¾p	12¼p	♦Armeno	14½p	–2½	—	—	—
109p	94p	♦Asiamerica ‖	108p	.....	—	—	—
33¼p	23p	♦Augmitto Expln	24½p	–2½	—	—	—
14⅝	12⅞	Bk. Montreal ‖	13⅝	.....	$2.12	—	7.5
762p	655p	Bk. Nova Scot. ‖	696p	.....	84c	—	5.8
18¼	17	BCE ‖	18	.....	$2.44	—	6.5
764p	570p	♦Bow Valley ‖	764p	+19	40c	—	2.5
14¼	12⅛	♦Brascan ‖	13	–⅛	88c	—	3.3
228p	184p	♦Breakwater Res.	195½p	+½	10c	—	2.5
15⅛	11⅛	Can.Imp Bank ‖	12⅝	.....	$1.16	—	4.4
12¼	997p	Can. Pacific ‖	11	.....	76c	—	3.3
38½	38½	Do. 4pc Deb £100	38½	.....	4%	—	10.4
444p	374p	Central Capital "A" ‖	421p	–1	—	—	—
448p	340p	♦Corona Corp.	434p	.....	—	—	—
373p	228p	♦Cons TVX Min.	354p	–19	—	—	—
48½p	19½p	♦Danbus Mem. Syst. ‖	21½p	+2	—	—	—
633p	524p	♦Derlan Inds. ‖	611p	.....	11.75c	—	0.9
953p	751p	♦Echo Bay Mines	941p	–6	$0.07	—	0.4
372p	370p	♦ECO Corp ‖	427p	+5	—	—	—
16¼p	9½p	♦Energex Minerals ‖	11½p	–¼	—	—	—
234p	203p	♦Galactic Resources	222p	.....	—	—	—
330p	243p	Gandalf Techs. Inc.	243p	–16	—	—	—
54½p	34p	♦Geodome Res.	36½p	+2½	—	—	—
183p	150p	Granges Expln ‖	161p	.....	—	—	—
27¾p	6p	♦GI Pacific Res.	23p	.....	—	—	—
779p	651p	♦Gulf Canada ‖	733p	.....	52c	—	3.4
12⅛	10¼	♦Hawker Sid Can ‖	11⅞	+⅛	$1.08	—	4.4
536p	348p	♦Henlys Group	488p	–1	—	—	—
12⅜	11⅜	♦Hudson's Bay ‖	12¼	.....	60c	—	2.3
28¼	23	♦Imperial Oil ‖	26⅛	–⅛	$1.80	—	3.3
18⅞	14¼	Inco ‖	17⅛	–⅛	s$0.80	—	2.7
657p	599p	♦Inland Nat. Gas $1	629p	–6	60c	—	4.6
150½p	102p	♦Madeleine Mines	136p	–2	—	—	—
193p	163p	♦Muscocho Expln	185p	–3	—	—	—
126p	85½p	♦Nevada Goldfields	115p	.....	—	—	—
12½	10⅞	♦Rio Algom	11½	–⅛	$1.30	—	5.4
19⅝	17¼	Royal Bk. Can. ‖	18⅞	–¼	$2.20	—	5.6
40⅞	33⅛	Seagram ‖	39⅝	–⅛	US$1.40	—	2.1
112p	74½p	♦Sonora Gold Corp ‖	103p	–4	—	—	—
85p	33p	♦Spiral Eng ‖	73p	–½	—	—	—
109p	73p	♦Tam Pure Tech. Corp ‖	83p	+5	—	—	—
19½	16¼	Toronto-Dom. Bk. ‖	15½xd	–⅛	$1.12	—	2.9
770p	686p	♦Trans Can Pipe	763p	–7	68c	—	4.3
183p	154p	Varity Corp ‖	161p	.....	B–	—	—

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ø Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	91	+1
Craig & Rose £1 ... γ	720	......
Finlay Pkg. 5p ... γ	93	......
Holt (Jos) 25p ... γ	1273	+8

IRISH

Cap. 8½% Ln. 1991 ...	£108⅞	......
9pc Cap Ln. 1996 ...	£101	......
Fin. 13% 97/02 ...	£120½	......
Arnotts ...	478	−15
Carrol (P.J.) ... γ	148	......
Hall (R. & H.) ...	145	......
Helton Hldgs ... γ	78	......
Irish Ropes ...	168	......

TRADITIONAL OPTIONS
3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	34
Boots	20
Bowaters	38
Brit Aerospace	62
Brit Telecom	21
Burton Ord	15
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS "A"	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	40
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	40
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	18
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	38
Land Securities	52
MEPC	50

Oils

Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	46

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FINANCIAL TIMES
Weekend March 25/March 26 1989

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BR plans sharp rise in freight to tunnel

By Rachel Johnson

BRITISH RAIL is planning a dramatic increase in the number of freight trains running through suburban south London and Kent after the opening of the Channel Tunnel in 1993.

The Channel Tunnel Act obliges BR to seek the maximum possible increase of international freight traffic transported by rail. It must submit proposals for handling the increased number of trains to the Government by the end of the year.

BR has less than 10 per cent of the UK freight market and handles little freight between Britain and the continent.

It had intended to route all continental freight traffic through its Willesden depot in west London. Its latest plans, however, envisage a network of up to 12 regional marshalling centres from which trains will run direct to continental destinations.

Willesden will remain the principal junction between Kent and the main rail routes to the north and Midlands, pushing traffic on to suburban lines rather than tracks further from the centre of London.

The plans are likely to prompt strong protests from south London residents, even though all the tracks are already used by freight trains.

BR will spend £125m strengthening track to provide a smoother passage for its new electric freight trains. It will resist demands for compensation from people living along the route on the grounds that freight traffic levels are always liable to change.

The decision to use suburban lines to and from Willesden was taken mainly for economic reasons, Mr Philip O'Donnell, director of BR's Railfreight Distribution subsidiary, said. The route was significantly faster than tracks further out of London and would help to attract customers away from roads and ferries.

BR believes existing track can accommodate increases for the foreseeable future. Present plans allow only 70 freight trains through the tunnel every 24 hours. It expects the total number of freight trains, including non-tunnel freight trains, travelling through south London to increase to 103 every 24 hours by 1993, from the current 67. There could be one freight train a quarter of a mile long every 10 minutes.

It argues that its plans mean 100,000 lorry movements a year will be taken off Kent roads, particularly the M20 and M25, by 1993.

Other trains, however, will be carrying trucks loaded with freight. Eurotunnel, the Anglo-French consortium which will operate the tunnel, hopes to run shuttles carrying lorries every 15 minutes.

Some 2m tonnes of freight a year to and from the continent travel across Britain by rail. British Rail expects rail freight through the tunnel to total 6.1m tonnes a year, while Eurotunnel's consultants have forecast 7.2m tonnes of rail freight in 1993 and 13.4m by 2023.

Freight will travel from the tunnel at Folkestone to Ashford on existing track. From there it will take one of two upgraded routes – Tonbridge-Redhill-East Croydon, or Maidstone-Otford-Swanley – which join the west London main line just north of Clapham Junction.

The west London line runs to Willesden via Olympia, and will carry all trains to and from the tunnel.

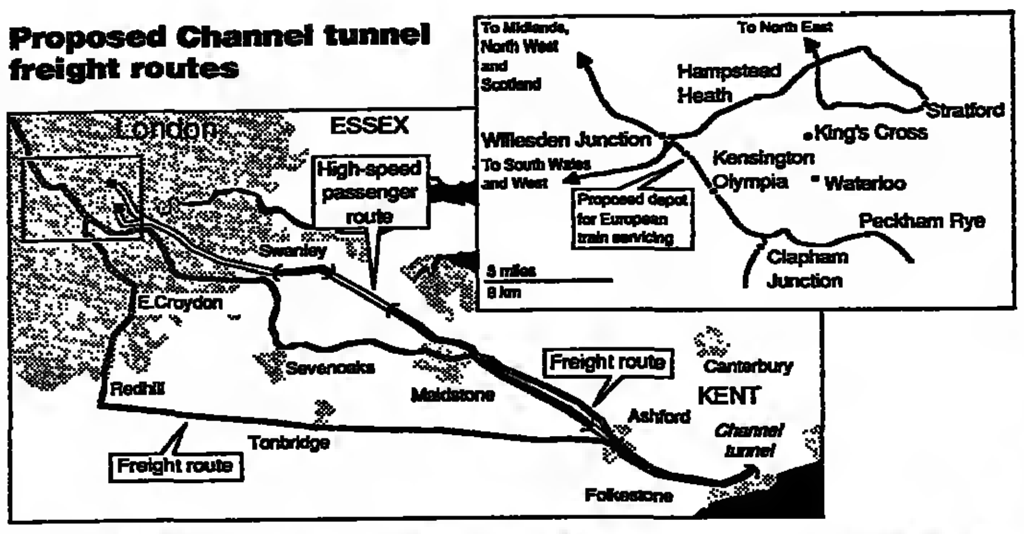
All continental freight will pass through customs at the Willesden depot. BR expects 75 per cent of the trains to go north where its biggest customers, the automotive and steel industries, are based.

The London boroughs of Southwark, Lambeth and a small corner of Wandsworth will be affected by the high-speed passenger rail link to the tunnel and the designated freight routes.

Some lightly-used Kent stations will also see a marked increase in through traffic.

● British Rail is placing orders for electric and diesel-powered trains worth more than £107m. They will be built by Brel, formerly British Rail Engineering, recently sold to a management and employee buy-out consortium.

Proposed Channel tunnel freight routes



Yugoslavia threatens to crush further unrest

By Judy Dempsey

THOUSANDS of ethnic Albanians in Yugoslavia's southern province of Kosovo clashed again with police yesterday in spite of warnings by the authorities that further unrest would be crushed.

The fresh wave of demonstrations against the loss of the region's autonomy were sparked off after the province's assembly voted on Thursday in favour of sweeping constitutional changes, which will give the republic of Serbia greater powers over the running of the province.

The riots, the biggest of which took place on Thursday in the city of Urosevac, 16 miles from the provincial capital of Prishtina, and which involved more than 5,000 demonstrators, were the first serious incidents of violence since 1981 when a wave of nationalist discontent engulfed the province.

Fifty-five demonstrators have been arrested so far, although there are many more in detention after a partial state of emergency was imposed last month after miners went on strike in protest against the constitutional amendments. These include Mr Azim Vlasi, the former party leader of Kosovo.

The constitutional changes had been spearheaded by Mr Slobodan Milosevic, Serbia's powerful party leader, who last November had already attempted to purge the local leadership in Kosovo on the grounds that it was not doing enough to protect the small Serbian and Montenegrin minorities.

Mr Milosevic and his Serbian nationalist supporters had repeatedly alleged that the Serbs were discriminated against by the 1.8m-strong ethnic Albanian majority, e charge the Albanians have always denied. Bnt ethnic Albanians say the Serbian leader will use the changes to re-impose Ssrbian language and culture.

CHIEF PRICE CHANGES ON THURSDAY

FRANKFURT (Dm)			
Rises			
Bayer Hypobank	358.5	+	5.5
Hoechst	299.4	+	2.7
Nixdorf	293	+	2.5
RWE	243.5	+	2
Bayer	296.8	+	2.3
Falls			
D'tsche Babcock	164.5	–	1.3
NEW YORK ($)			
Rises			
MCA	51⅞	+	1¼
Digital Equip	96⅞	+	1
Falls			
AMR	56⅛	–	1⅝
Burl Northern	22½	–	⅞
Philip Morris	114⅞	–	2
McDonalds	48⅜	–	1⅛

PARIS (FFrs)			
Rises			
Docks de France	3675	+	222
Casino	217.5	+	12.8
Scoa	74.8	+	4
Vallourec	334.5	+	17
Nouv. Galleries	544	+	27.2
Falls			
Banc DS	17.3	–	1.8
TOKYO (Yen)			
Rises			
Oye Kogyo	1470	+	190
Ichida	1900	+	200
Fuso Industrial	2200	+	210
Falls			
Yuki Gosei	1200	–	140
Komatsu Const.	1990	–	190
Asanuma	1100	–	100

Tokyo prices as at March 24.

LONDON (Pence)			
Rises			
AMI Health Care	348	+	15
Aquascutum	325	+	5
Bulmer (H.P.)	185	+	e
Bunzl	161	+	5
Compass Group	367	+	10
Enterprise Oil	538	+	7
Gaskell B'loom	213	+	13
IoM Steam	428	+	40
Jessups	170	+	7
Laporte	437	+	10
Prudential	194	+	5
Racal Elect.	378	+	10
Rentokil	305	+	24
Rolls Royce	181	+	7
Rosehaugh	673	+	10
TACE	286	+	31
Unitech	293	+	15
Wiggins Group	262	+	e
Falls			
Bilston & Batt.	85	–	15
Cons Gold Field	1250	–	183
Chrysalis	229	–	12
Kingfisher	283	–	5
Lon. Forfaiting	140	–	17
Tyndall Hldgs.	97	–	9

WORLDWIDE WEATHER

		Y'day midday °C	°F
Ajaccio		–	–
Algiers	F	18	64
Amsterdam	C	11	52
Athens	C	15	61
Bahrain	S	24	75
Barcelona	S	15	63
Belfast	S	7	46
Belgrade	S	13	64
Berlin	R	8	41
Biarritz	C	13	60
Birmingham	F	11	52
Blackpool	F	8	46
Bombay		–	–
Bordeaux	C	14	37
Boulogne	Dr	10	59
Bristol	C	10	63
Brussels	R	8	46
Buenos Aires		–	–
Budapest	S	11	52
Cairo	C	25	77
Cape Town	S	25	77
Cardiff	C	9	48
Chicago †	F	1	34
Cologne	R	7	45
Copenhagen	R	5	41
Corfu	F	17	63

		Y'day midday °C	°F
Dallas †	F	11	52
Dublin	C	8	46
Dubrovnik	S	15	59
Edinburgh	R	5	41
Faro	S	19	66
Florence	F	13	66
Frankfurt	R	8	43
Geneva	C	9	48
Gibraltar	S	24	75
Glasgow	R	7	45
Guernsey	C	11	52
Helsinki	C	3	37
Hong Kong	C	23	73
Innsbruck	S	10	50
Inverness	R	7	48
Isle of Man	S	8	48
Istanbul	F	10	50
Jersey	C	12	64
Johannesburg	C	17	63
Las Palmas	S	66	75
Leeds	F	8	46
Lisbon	S	17	63
Locarno	S	12	64
London	R	13	60
Los Angeles †	C	16	57
Luxembourg	R	5	41

		Y'day midday °C	°F
Madeira	S	20	68
Madrid	S	17	63
Majorca	S	18	64
Malaga	S	19	66
Malta	S	17	63
Manchester	F	9	48
Melbourne	S	17	63
Mexico City		–	–
Miami †	S	22	72
Milan	F	13	55
Montreal †	F	-7	19
Moscow	C	5	41
Munich	S	10	50
Nairobi	F	25	77
Naples	S	15	59
Nassau		–	–
Newcastle	F	8	46
New Delhi		–	–
New York †	Sn	3	37
Nice	S	16	61
Nicosia	F	22	72
Oporto	S	15	59
Oslo	R	3	37
Paris	C	10	50
Peking	S	14	57
Perth	S	25	77

		Y'day midday °C	°F
Prague	C	8	46
Reykjavik	S	1	34
Rhodes	F	16	61
Rio d'Janeiro		–	–
Rome	S	19	66
Salzburg	S	10	50
S'Francisco †	R	13	55
Santiago		–	–
Seoul	R	7	45
Singapore	T	30	86
Stockholm	C	4	39
Strasbourg	C	8	46
Sydney	C	24	75
Tangier	S	19	66
Tel Aviv		–	–
Tenerife	S	22	72
Tokyo	C	10	50
Toronto †	F	5	32
Tunis	C	17	63
Valencia	S	15	64
Venice	S	12	54
Vienna	S	10	50
Warsaw	S	10	50
Washington †	R	5	41
Wellington	R	18	64
Zurich	C	7	45

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Tate plans to buy all of Canadian subsidiary

By Clay Harris

TATE & LYLE, the UK-based sweeteners group, plans to buy out the 49.5 per cent minority in Redpath Industries, its Canadian subsidiary, and to sell the company's North American motor components and building products businesses.

The deal will complete Tate's transformation from a UK-based cane refiner, hindered by the preference given by the European Community to beet sugar producers, to the leading sweeteners group in the world – with market leadership in the US and Canada and an increasingly strong position in Europe.

After the disposal of Redpath's non-sugar interests, Tate will be involved solely in the processing of carbohydrates: making cane, beet and cereals into sweeteners, starches and other prodncts such as animal feeds.

In less than a year, through a series of acquisitions and asset swaps, Tate has established itself as the largest cane refiner and second-ranking corn syrup producer in the US and taken control of one of Europe's leading starch groups.

Tate's offer to pay C$286m (£140m) for the shares in Redpath it does not own has been backed by the Canadian company's independent directors. In Toronto on Thursday, Redpath shares returned from the previous day's suspension at C$14¼ to close at C$19⅞, compared with Tate's C$20⅞ cash offer.

Mr Neil Shaw, Tate's chairman, said the group had decided it could not adequately fund the capital investment needed to expand the automotive business, which makes injection-moulded plastic components for car interiors. The other operation to be sold makes PVC cladding, plastic plumbing fittings and extruded aluminium parts for domestic appliances.

Together, ths bnsinesses made operating profits of C$37.1m in the year to September, more than half of Redpath's total. Mr Shaw said he would be disappointed if the companies did not fetch at least C$50m more than Tate's cost of buying out the Redpath minority.

The disposals reverse Redpath's policy of diversification begun two decades ago when Canadian government policy restricted its growth in the sugar industry.

Redpath also owns 50 per cent of Tate's US sugar interests, which account for 32 per cent of the cane market and 10 per cent of the beet market. Including the Staley corn syrup operation, Tate is the largest US supplier of nutritive sweeteners, with a 20 per cent market share.

Tate shares closed nnchanged at 245p on Thursday.

Ministers fail to end Scottish coal dispute

By James Buxton, Scottish Correspondent

CRUCIAL points of disagreement remain between British Coal and the South of Scotland Electricity Board despite intervention by two government ministers to try to settle their long-running dispute over coal supplies.

On Thursday, the Government announced that the two sides had agreed how much coal the SSEB would buy from the state-owned company over the next five years. But there is no agreement yet on the price of supplies, and British Coal does not appear ready to drop litigation it has initiated against the electricity board.

The board had been due to cease taking supplies from British Coal at the end of this month if no supply agreement was reached.

Both sides emphasise privately the political nature of Thursday's announcement, which has been hailed by miners' leaders as safeguarding the future of the three remaining Scottish pits and the jobs of the 3,000 miners left.

The agreement comes after Mr Malcolm Rifkind, the Scottish Secretary, had applied pressure on the SSEB, and Mr Cecil Parkinson, the Energy Secretary, had urged British Coal to compromise. The SSEB has agreed with British Coal to take 2m tonnes of coal a year over the next five years.

The last two years of this agreement depend on the capacity of the power interconnector with England and Wales being boosted by 600MW to allow the SSEB to export power generated at its coal-burning plants.

The row between the two sides, which has caused considerable embarrassment in government circles, has been raging since early last year, when the SSEB rejected terms being offered by British Coal. British Coal took the SSEB to court and the board imported 1m tonnes of foreign coal.

Mr Rifkind said on Thursday that talks on details of the agreement, including the price of supplies, would begin soon.

There are wide differences on price between the two sides, with British Coal having asked for £1.83 per gigajoule – the unit of energy in which bulk coal is priced – and the SSEB having offered only the £1.53 it is currently paying. The SSEB has indicated, however, that there is room for negotiation of this figure.

There appears to be no question at this stage of British Coal ending its legal action against the SSEB, in which it is asking the Court of Session to uphold its claim that the board is obliged to buy coal for two power stations until the mid-1990s.

On Thursday, Lord Sutherland rejected in the Court of Session the SSEB's contention that if any agreements which the board did not accept existed, they were in breach of the 1976 Restrictive Trade Practices Act. However, there has been no hearing on the main dispute.

Enlargement of the cross-border power interconnector, on which the final two years of the agreement depends, is far from assured. Plan and design work is only now beginning.

In three years, when gas supplies come on stream from the Miller field in the North Sea, the SSEB sees exports as the only use it could make of its coal supplies.

Suntory wins approval to take over Cognac house

George Graham in Paris

SUNTORY, the Japanese drinks group, has won permission from the French Government to take over the Louis Royer Cognac house, after a two-year delay.

The authorisation continues a carefully-controlled inflow of Tokyo investment in the country's luxury sector. It follows the recent approval for the takeover by the rival Asahi Breweries of Lucas Carton, one of Paris's three finest restaurants, on the Place de la Madeleine.

However Takashimaya, one of Japan's leading department store groups, was barred from buying another French cultural monument – Romanée Conti, the leading Burgundy winery – even though it protested that it wanted to acquire only the distributor, not the tiny vineyard.

The sale of Royer has caused flutters on the banks of the river Charente, in south-west France, where the world's finest brandy is made. Cognac is accustomed to foreign investors – last year saw the sale of the house of Martell to Seagram of Canada – but Royer, although smaller, is different because its specialises in bulk sales of brandy.

Suntory is already the largest client of Royer, taking its brandy for bottling in Japan and sale under the Suntory label.

Some rival Cognac houses fear the development of this practice could damage their Far Eastern sales, as has happened to Scotch whisky distillers in the face of whisky blended in Japan.

Royer, founded in the last century by Louis Royer, has 63 employees and sales of about FFr100m (£9.2m) a year. Besides its bulk sales it has recently launched a top of the range XO brand.

Suntory, which already owns a restaurant in Paris and the third-growth claret Château Lagrange, dwarfs Royer with sales almost 250 times higher.

Minorco bid Continued from Page 1

cleared.

Although pleased hy the court's judgment, Mr Rudolph Agnew, Gold Fields' chairman and chief executive, was unwilling to say the last rites over the bitterly contested bid.

"It is not dead until they say it is," he said.

Gold Fields was praparing additional financial evidence to support its contention that the Minorco terms greatly undervalue the company, Mr Agnew said. Some of this information may be published even if the bid lapses.

Minorco owns nearly 30 per cent of Gold Fields, and has won acceptances from another 0.2 per cent of the shares.

THE LEX COLUMN

A low blow for Minorco

If the UK Monopolies and Mergers Commission's recent decisions are erratic, it is hard to find a suitable adjective to describe the US court decision blocking Minorco's bid for Consolidated Gold Fields. Why a US court has any jurisdiction over a takeover battle on the other side of the Atlantic, which has already been cleared by the local regulators, is pretty incomprehensible to all but the legal cognoscenti. That said, it is now clear that whereas a week ago Gold Fields' shares were probably worth at least £15, they are now worth £12.50, and anyone who bets otherwise is getting into a very high risk game.

Whatever the merits of the US legal ruling, two points stand out. Instead of defending its bid for Gold Fields solely on anti-trust grounds, Minorco now faces the added problem of having to show that it has not broken US securities laws. This means that even if Gold Fields withdrew its complaint, it would be pretty hard to stop the US regulatory machine continuing to grind through the case. Against this background, it is hard to see how the lawyers can be called off quickly. Even Minorco would not dare call their bluff, and the UK Takeover Panel is unlikely to grant an extension to the bid timetable.

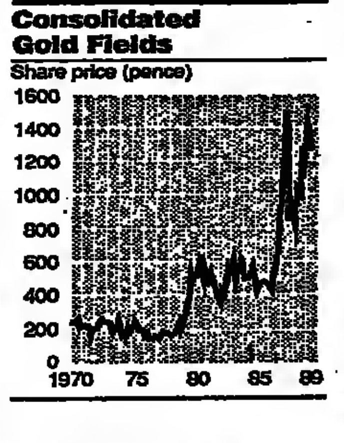
Not only has the US decision derailed the natural momentum of the bid, it has raised considerable questions about the conduct of future multinational takeovers. Barring some unexpected legal breakthrough, Minorco now has two choices: to let the bid lapse, or to try to arrange a friendly deal. Either way the outlook for shareholders is far more risky than it was a week ago.

The odds still favour Minorco fighting a long legal battle but there is always an outside chance that it will decide to walk away; and if it did, the shares would not be worth £12.50. A friendly deal would make far more sense. In spite of all Gold Fields' rhetoric, this week's court decision is not good news for its shareholders. It started the legal action, and it will only be good for its shareholders if it results in Minorco having to pay a higher price.

FT Index rose 7.9 to 1,958.4 on Thursday

Consolidated Gold Fields

Share price (pence)



Markets

Never mind the brewers, Saatchi and the merchant banks. The real news of the week was the strength of earnings and dividends from the rank and file of British industry, and the fact that the market took precisely no notice. Evidently investors think history is irrelevant. What counts now is not the speed of the economy going into the turn but the speed coming out. Even on that issue, the results season has not been discouraging; and while company chairman may not be full of confidence, neither are they asking shareholders to hold tight for a rough ride, as had been feared.

Either the market does not trust the relaxed line from corporate boardrooms, or it has other things on its mind. Judging from the low volume figures, the institutions spent the week dithering. On Friday of last week, a further international interest rate rise seemed unavoidable; now the picture is much less clear. The Chancellor of the Exchequer's inclination must be to hold rates where they are, and sterling – which last week held up remarkably well – does not for the moment seem to be getting in the way. But as usual, the decision rests with the Fed, and trying to guess Fed policy on the basis of the market over-reaction to distorted producer and consumer price data is unwise, as next week's FOMC meeting could show.

Meanwhile, it has been a rotten week for market markers. Not only were volumes among the lowest this year; anyone who tried to offset losses with a little honest arbitrage would have been well out of either Gold Fields or Scottish & Newcastle.

Tate & Lyle

Whatever the market may think about it, Tate & Lyle has a cash flow craving. It was scarcely surprising to see the company buying in more of the same old sweet stuff from Redpath on Thursday, while deciding to get rid of higher growth Redpath businesses as the best way to pay for it.

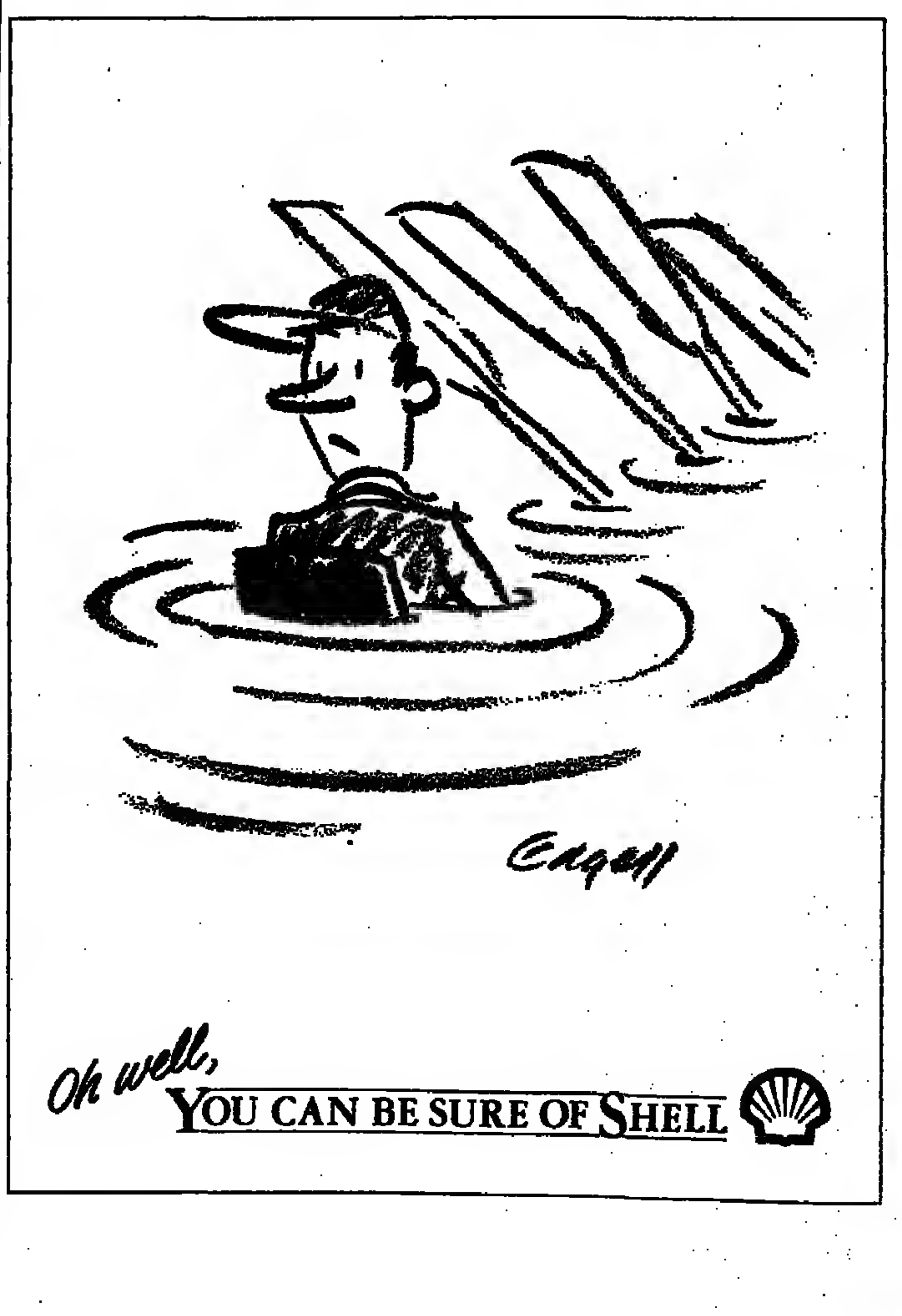
Given the gearing burden which Tate will take on, it is just as well that the retained businesses are so cash positive. Throughout 1988, Tate fed the market a steady diet of large sweetener deals which left it 115 per cent geared. Redpath will make that more like 200 per cent, though the company predicts the figure will halve by September after the automotive and industrial interests of Redpath have been disposed of. Given that those businesses have distinctly better earnings prospects than the bits being retained, selling them for an attractive price should not be all that difficult.

The end result will be a company with strong cash flow and a clear focus – on businesses which, unfortunately, have low long-term potential for earnings growth. That would not matter if the market would agree to value the company on a cash flow basis, in which case it could not avoid looking cheap. But investors with an earnings preference may well continue to think that companies such as Tate – primary processors of a commodity with low projected demand growth – scarcely deserve a premium rating whatever their cash flow attractions. Tate is currently on about a 20 per cent discount to the sector; the discount has seldom been smaller, and it is not easy to argue that it should be.

Bestwood

Next Friday shareholders in Bestwood, a mini-conglomerate with a mixed pedigree, have to make up their minds whether to stick with a safe and unexciting management team or trust their luck to a former chief executive with a controversial reputation. It is not an easy choice.

During the first year-and-a-half of the previous management, Bestwood's share rose fivefold, to a peak of 207p. They then fell back almost as much and Mr Tony Cole, the architect of the company's roller-coaster fortunes, was forced to resign. The new management has taken steps to put the group on a sound financial footing, but it is still not paying a final dividend and its shares have underperformed the market by 14 per cent. So far only the Bank of England has made its views known about Mr Cole's suitability. It is a measure of the weaknesses in the current regulatory structure that no other official body has felt able to publicly address the serious allegations made by both sides.



Weekend FT

SECTION II Weekend March 25/March 26, 1989

FAREWELL TO THE CITY

The Financial Times this weekend leaves the City of London after 100 years, 30 of them in Bracken House. It has been a century of momentous change. ***David Kynaston*** *looks at the City that was, and the City that is today*

THE CITY still awaits its true poet, *despite* haunting phrases in T.S. Eliot's *The Waste Land*, or even its true novelist, despite J.B. Priestley's creditable stab in *Angel Pavement*. But by now it is almost too late, for the "old" City – so special and so different from the rest of London – has changed almost beyond recognition: not just as a place, but as a way of life.

What was it like? The historian is no Bard, but it is possible to recreate something of that world – and above all, the stock market – which for the first 60 years of its life the Financial Times existed almost solely to serve.

Physically, the square mile was a place of astonishing continuity, as if between the late 1880s and early 1950s it lived (apart from the attentions of the Luftwaffe) almost in a time warp. "The essential qualities of the City," asserted the magisterial art historian and writer on architecture Sir Nikolaus Pevsner in 1957, as change began to threaten, "are closeness, variety and intricacy, and the ever-recurring contrasts of tall and low, of large and small, of wide and narrow, of straight and crooked, the closes and retreats and odd leafy corners."

To a remarkable extent the medieval street pattern persisted through the first half of this century. St Paul's remained the dominating presence; and in the affectionate recent words of the stockbroker-journalist Donald Cobbett, recalling the inter-war City, "everybody – the sweet sellers from their surrounding nooks and crannies, the newspaper boys, the hot chestnut man in winter, Mr Douch our chemist in Throgmorton Street who dispensed enormous glasses of fizzy, flowing restoratives for thick heads – knew one another."

It was an intimate, conservative, clubby world. The roughly 384,000 people who worked in the Edwardian City were divided among some 40,000 separate firms – an average of less than 10 per firm. Even the house of Barings employed only about 70 clerks at the turn of the century. In the Stock Exchange itself there were as many as 1,000 firms, of which over half were jobbers, each specialising in one of a myriad of different markets.

The offices themselves were *still of an* old-fashioned, rabbit-warren nature, featuring sloping desks, enormous ledgers filled out in beautiful copperplate, and meticulously- attired male clerks ranging in age from 14 to 84. Or take the example of Panmure Gordon: it was one of the leading stockbroking firms of the period, helping to raise enormous sums of capital for the *Far East, yet still sufficiently small for a* clerk to be able to recall how "clients would come to the office at about 4pm to study the tape and have a warm before a generous fire" while enjoying a cup of tea. And for another half century the City, the plutocratic butt of so much caricature, obstinately remained in its daily round a family-based cottage industry.

This industry worked superbly well because of its underlying basis of trust. The key example was the Stock Exchange, home of the famous motto "My word is my bond" and the market from which the City as a whole took its pulse. Here, from the 1730s to the 1860s, speculative "time bargains" (ie carrying over from one fortnightly account to another) had been forbidden by Act of Parliament. The Stock Exchange blithely ignored this law, but was only able to do so because it developed a code by which the bargain was sacrosanct, even though it was usually only verbal, and failure to honour it meant expulsion from the market. In the just words of one member, writing in the 1920s: "Operations of vast magnitude, involving enormous amounts of money, are conducted by simple word of mouth, and yet a repudiation was and is almost an unknown occurrence."

Trust depended on personal contact, and personal contact was everything in the old City. So much so that the prominent Edwardian stockbroker, Walter de Zoete, adamantly refused to use the new-fangled telephone and had it banished to the basement. He told his son: "In the City, as a young man you never walk but always run."

There was no more personalised ritual than the one in which each morning the brokers visited the parlours of the great merchant banks and, *in return for* transmitting the latest market intelligence and (just as important) the latest market jokes, received their buying and selling orders. It was a ritual that persisted for almost a century after the advent of the telephone *could have brought it to an end. On the* Stock Exchange itself, the cardinal sin was not to know the name of the fellow member with whom one was dealing, it being virtually forbidden to ask. The story goes that one jobber, failing to recognise a manifestly senior broker, was compelled to depute a clerk to follow the broker home that evening, with his identity at last *being revealed by the ticket-collector on a* remote Surrey station.

Bestriding that City were the great "characters," legends in the collective mythology but seldom written about in the historical literature. Who now has *heard of Tom Nickalls, or even Panmure* Gordon, founder of that firm? Nickalls, "the Erie King," was a giant in the rumbustious American market, his jobbing qualities graphically caught by the *Rialto* in 1891: "He has any amount of pluck, taking a view and acting on it, sublimely disregarding the minute calculations on which smaller speculators pin their faith. It is no use talking to him about figures or dividends. 'Who is buying?' or 'Who is selling?' he asks, and then makes up his mind what to do."

As for Panmure Gordon, he had a gift for publicity applied to a flamboyant lifestyle. He lived in a variety of palatial residences, drove a four-in-hand each morning to the City, and spent more than £2,000 a month on his wardrobe. He was reputed to have a different pair of trousers for every day of the year, to have two shelves in his office reserved for hatboxes, and on a rainy day was wont to call out to one of his clerks, "Draw a pound, I say, out of *petty cash, and buy eight umbrellas in* Lombard Street."

Even the post-1945 City has known its larger-than-life characters, though there are now precious few left. One thinks of that rubicund, monocled, cigar-smoking, self-made financier *Harley Drayton*, who in almost Cecil Rhodes fashion saw and acted upon the potential of commercial television far ahead of most of his rivals; or of the bushy-eyebrowed Kit Hoare, corporate broker extraordinary, who bucked the trend, apparent from the late 1940s, towards co-operating with the merchant banks and instead defiantly continued to *act as an issuing house in his own right.*

But perhaps the most vivid representative of past times was the last of the old-style "king" jobbers, Dick Wilkins, who died last month. Senior partner for many years of Wedd Jefferson and then Wedd *Durlacher, he was an enormous man who* lived life to the full, with a particular penchant for power-boat racing even in his sixties. A giant of the gilts market, now in such melancholic decline, he loved taking large positions, had almost as little patience with science as Tom Nickalls, and would bolster the flagging confidence of his juniors with the stirring words: "Don't worry, you'll make it back tomorrow: now go out into the market and *job*."

A robust, if sometimes cruel, sense of humour permeated the old Stock Exchange. Nicknames abounded. One member was known as "Channel Tunnel" because he was the world's greatest bore. Another unfortunate, called Louis, was known as "Louis the Fourteenth" because the only time he was ever invited to a dinner party was if a hostess needed to fill the final place. There were also the ubiquitous practical jokes, ranging from the relatively harmless making of "butter slides" in order to slip-up the unwary to the setting alight of newspapers being read by unsuspecting members. It all depended on the mood of the day. When markets were active there was no time for such japes; but if business was slack, it was out with the paper balls and it well behoved the *staider veterans to keep their heads low.*

It is hard not to see this humour, in many ways the public school writ large, as a psychological necessity, for running like a dark undercurrent through the whole of the City, and especially the Stock Exchange, was the fear of failure. Inevitably the atmosphere was often jittery, sometimes febrile, as rumours (true or oth*erwise) began to circulate.*

In November 1890, as the Baring crisis deepened, the FT sought to describe "The Agony": "The City is becoming enveloped deeper and deeper in a baleful, mysterious crisis. Day by day thick clouds gather over *the Stock Markets . . . This slow-killing* agony has been going on now for about two months without coming to a head. The worst kind of fever would reach its climax in less time."

There was nothing more awful than a Stock Exchange "hammering," and in 1911, in the classic document of its kind, John Braithwaite wrote to his father about the possibility of their firm failing: "It has been before my mind like a nightmare day and night more or less continuously for the last month or more – I have suffered it all mentally over and over again – when the hammer has gone in the House it has sounded like a knell in my ears – I have thought of the long list of our names and the awful staggering hush afterwards . . ."

In this tight-knit and sometimes apprehensive world, social, cultural, even sartorial conformity was almost a *sine qua non*. "Get your hair cut!" would be the cry to someone with above-length locks, while even after the Second World War to wear a soft collar was to invite shouts of "Pyjamas! Why are you wearing pyjamas?"

The "House," as the Stock Exchange was invariably called, disliked excessive religious zeal as much as it disliked excessive intellectualism. A member who was also a member of the Salvation Army, and inevitably nicknamed "Salvation Smith," was once marched down Throgmorton Street in a regulation red jersey, having first been covered from head to foot in sawdust. The Boer War produced some lively scenes (including, on its outbreak, the warmly greeted announcement from the rostrum that "Mr Kruger has not complied with his bargains"), but emotions reached fever pitch during the First World War, when any member with a faintly *German-sounding name* was liable to physical assault.

It was all part of the fortress mentality, epitomised by the time-honoured cry of "1400," and ensuing "rat-hunt," that would greet the appearance of a stranger on the floor of the House. In 1878 the Royal Commission on the Stock Exchange recommended the erection of a public gallery; *but it was entirely symptomatic that it* was not until 1953 that this was implemented. Indeed, as late as 1971, in a famous letter to the Times in the context of that paper's criticism of the Exchange's continuing refusal to admit women, the *eminent broker Graham Greenwell stoutly* defended the Stock Exchange as a "private men's club" and declared that it "is not an institution which exists *to* perform a public service."

This strongly independent ottitude was understandable, *granted* the institution's history, but it was also perhaps the old City's worst enemy, for it meant that over the years very little sustained effort was made at persuading the public of the virtues of the Exchange and how (uniquely) it was organised. And when fundamental change came, above all the end of the jobbing system, it was change, in effect, abruptly imposed from outside, as the only alternative to almost certain defeat in the courts.

But of course, the "Big Bang" of 1986 was merely the culmination of a phase, lasting some 30 years, that transformed the City at large, and not just the Stock Exchange. By the mid-1950s, following the ravages of war, the physical square mile was being extensively reconstructed. Professor Albert Richardson, architect of the defiantly anachronistic Bracken House, was scathing: "All this glass and concrete will be out of date in 100 years . . . Modern buildings don't mellow; they get dirty." However, Bracken House itself was much criticised to begin with, Colin MacInnes calling it "the *Braunhaus* garrison" of the FT.

Then came the 1960s and early 1970s, already semi-mythic: Colonel Seifert; the dwarfing of St Paul's; Paternoster Square; the destruction of the Wool Exchange, the Coal Exchange and of course the old Stock Exchange; the ruining of once fine streets such as Bishopsgate or Upper Thames Street; the attempt through so-called "pedways" to drive pedestrians off the street *and turn the City into a mini-racetrack;*

Continued on page II

The Long View

Lashing back at the takeover kings

Stock markets in the UK and the US are hooked on takeover bids. But, somehow, Germany and Japan do better without them

SOME JUICY corporate finance fees went out of the window this week, together with the icing on quite a few fund managers' first-quarter performance figures, when the Monopolies Commission blocked Elders IXL's bid for Scottish & Newcastle Breweries.

The day before, coincidentally, the Bank of England hosted a debate on the merits of contested takeovers with one of the most famous dealmakers, Sir James Goldsmith, carrying the flag for the bidders. Suitably enough, a provincial brewer, Paul Nicholson of Vaux, argued the case for regarding the prevalence of aggressive bids as dangerous to free enterprise.

A selection of the merchant bankers and institutional investors who lost out from the collapse of the S&N bid were at Monday's event. And one or two were also present at another Bank function last week when one of its advisers, Jonathan Charkham, gave a paper on corporate governance and the market for control of companies.

The Bank's continuing interest in industrial affairs is less publicly apparent now than when it became involved heavily in propping up ailing companies early in the 1980s. But the Bank seeks to straddle the two constituencies of City and industry, and contested takeovers represent one of the most irritating points of friction between the two domaines.

Although there is nothing very new about takeovers, two aspects have aggravated the fears and resentments of industrialists. One is that the takeovar premium has risen, so that the value placed on a company by the price at which trading takes place in the secondary market has diverged more substantially from the price at which corporate control changes hands.

This worsening "double market" problem has enhanced the scope for operators like Sir James to engage in profitable dealing by putting companies "into play" or breaking them up into saleable chunks.

The second problem arises from internationalisation. Most countries of the world will not tolerate contested bids for their companies, certainly not from foreigners. Therefore, the relatively relaxed attitudes of the governments in the US and the UK to takeovers leaves managements of public companies in those countries with the feeling that they are uniquely vulnerable. With increasing paranoia, British managers feel they are standing in a kind of 1992 shop window.

The Anglo-American pro-takeover lobby has always been able to argue that the contested bid is a necessary device to correct lazy or misdirected management. An increase in the takeover premium tends to reinforce this argument: it suggests increasing neglect by managers of the objective of maximising shareholder value.

But recent industrial trends have made these self-serving assertions by the likes of Sir James look suspect. The world's two most successful industrial economies are those of Japan and Germany. They happen also to be two countries where hostile takeover bids are almost unknown. The Japanese are said not to have a word for takeover, except "rape."

Plainly, managements in those nations are kept on the straight and narrow by means other than threats of unexplained movements on the share register. If the UK and the US need to resort to contested takeovers, with all their associated speculation and scandal and the expensive growth of parasitical financial intermediaries, there must be something fundamentally wrong with their structures of corporate governance.

I risk over-simplification but it can be said that, in Britain, there have been three stages of capitalism. First, there was proprietorial capitalism in which there was a close relationship between managers and shareholders.

Then came the development of broad ownership by private investors, a pattern the Government is now effectively trying to re-create as "popular capitalism."

More recently, however, the growth of insurance companies and pension funds has led to institutional or portfolio capitalism, in which fast-dealing professional portfolio managers play various games in the secondary market but have little or no long-term commitment to the companies in which they invest.

Charkham argued in his paper that there is no magic formula for successful corporate governance. The Japanese rely upon informal contacts and intertwined shareholdings and their system hinges on the fact that although tha company president (chief executive) has almost unlimited autocratic power, ha rarely uses it.

The Germans have formal two-level structures, including the *Aufsichtsrat* (or supervisory tier), and depend heavily, for better or worse, on the pervasive influence of the banks. The Americans place more emphasis on non-executive directors than is common in Britain, but the results obviously are patchy.

The particular problem in Britain is the concentration of ownership (over 50 per cent) in the hands of institutional investors who do not have the time or inclination to build relationships or commitments.

There is a glimmer of hope. This week's pension fund performance figures for 1988 published by the WM Company revealed the interesting fact that big funds (over £1bn) outperformed small funds last year by the wide margin of 3 per cent. The big funds tend to be less active, while the small funds are run typically by trend-following external managers who, last year, often ended up chasing their tails unprofitably.

One year does not create a trend. But what will kill off short-termism is evidence that it does not pay.

CONTENTS

MARKETS

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Abbeycrest	Dec	3,360 (2,360)	14.3 (10.9)	2.7 (2.0)
Allied Partners	Dec	9,850 (3,610)	10.3 (4.22)	2.0 (1.5)
Andaman Res.	Dec	53 L (26 L)	- (-)	- (-)
Aran Energy	Dec†	2,750 (2,500)	1.68 (1.65)	- (-)
Arley Group	Dec	1,070 (402 L)	9.9 (-)	3.3 (-)
Assam-Dooars	Dec	553 (657)	43.4 (48.1)	11.0 (10.0)
Banner Homes	Dec	1,610 (1,510)	8.9 (9.4)	2.8 (1.3)
BAT Industries	Dec	1.64bn (1.39bn)	62.8 (52.8)	20.1 (18.9)
Bemrose Corp.	Dec	5,460 (4,830)	24.4 (22.6)	11.0 (10.0)
Black A&C	Dec	663 (517)	31.1 (30.9)	12.5 (12.0)
Booker	Dec	78,700 (64,300)	38.6 (31.5)	18.0 (16.0)
Bostrom	Dec	2,120 (960)	18.2 (8.0)	1.5 (-)
Bowthorpe Hldgs.	Dec	40,100 (32,600)	15.3 (13.2)	4.0 (3.3)
Bowater Indust.	Dec	76,700 (54,600)	46.1 (36.7)	15.25 (12.5)
Brake Brothers	Dec	8,610 (7,610)	14.0 (11.1)	3.4 (2.7)
Bredero Props.	Dec	5,120 (3,710)	18.0 (15.0)	6.0 (5.0)
Brent Chemicals	Dec	11,220 (9,110)	12.8 (11.5)	4.0 (3.5)
Bridon	Dec	13,500 (7,715)	17.4 (7.2)	7.0 (6.0)
Britannia Arrow	Dec	27,100 (41,800)	8.4 (13.0)	5.5 (5.5)
British Mohair	Dec	5,290 (4,630)	26.1 (23.8)	8.0 (7.5)
BSG Int'l.	Dec	23,140 (18,030)	8.01 (7.03)	3.0 (2.0)
BSR Int'l.	Dec	8,200 (18,400)	3.3 (9.4)	3.05 (3.0)
Budgens	Dec	13,250 (13,500)	11.7 (12.8)	4.0 (3.5)
Bunzl	Dec	93,300 (86,600)	14.0 (13.1)	5.7 (5.0)
Burford Holdings	Dec	1,430 (1,020)	1.9 (2.7)	0.5 (0.22)
Business Tech.	Dec	2,710 (585)	15.4 (6.87)	3.0 (1.0)
Cambridge Elec.	Dec	15,000 (12,630)	22.5 (19.3)	8.35 (8.5)
Christies Int'l.	Dec	42,500 (32,443)	59.0 (45.4)	18.0 (13.0)
Church & Co.	Dec	5,470 (5,670)	33.4 (35.3)	12.0 (11.5)
Clayform Props.	Dec	17,420 (14,130)	35.2 (27.0)	5.5 (6.5)
Cliff Resources	Dec	1,190 (2,770 L)	1.3 (-)	- (-)
Clyde Petroleum	Dec	8,700 (7,600)	1.5 (2.6)	1.0 (-)
Colorgraphic	Dec	2,980 (2,030)	16.4 (12.6)	5.71 (4.5)
Cookson Group	Dec	178,000 (143,549)	31.7 (27.1)	7.75 (6.0)
Copymore	Dec	1,850 (1,310)	11.1 (8.4)	2.5 (2.0)
Crest Int'l.	Dec	35,600 (31,800)	19.5 (17.2)	10.0 (9.0)
Dauphin	Dec	3,600 (2,880)	11.0 (6.27)	4.0 (3.65)
Davies & Met.	Dec	1,700 (919)	19.3 (9.5)	3.4 (2.4)
Dean & Bowes	Dec	1,360 (928)	11.3 (6.65)	5.0 (4.0)
Delta	Dec	74,070 (64,230)	32.7 (28.6)	11.2 (9.0)
Desoutter Bros.	Dec	7,390 (5,900)	36.8 (30.1)	11.0 (9.1)
Dickie James	Dec	337 L (282 L)	- (-)	- (-)
Eadie Holdings	Dec	1,290 (318)	5.78 (1.64)	2.0 (1.5)
EBC Group	Dec	3,680 (2,140)	31.7 (18.6)	9.0 (7.0)
Edinburgh Fund	Dec	4,070 (3,570)	18.8 (24.5)	10.5 (9.5)
Emess	Dec	15,100 (7,700)	30.2 (24.7)	10.0 (8.0)
Estates & Gen.	Dec	3,060 (2,710)	9.9 (8.5)	3.4 (3.0)
European Home	Dec	24,280 (12,178)	28.7 (18.6)	6.0 (5.0)
Evans Halshaw	Dec	10,000 (6,400)	38.8 (28.3)	10.0 (7.0)
Federated Housg	Dec	6,110 (4,430)	39.8 (27.4)	7.5 (5.5)
Fitch-RS	Dec	3,620 (2,430)	39.8 (27.7)	9.5 (8.0)
Floyd Energy	Dec	260 (600 L)	- (-)	- (-)
Gaskell Broad.	Dec	2,310 (1,510)	30.0 (20.3)	7.5 (4.8)
Geest	Dec	18,290 (14,180)	18.5 (15.6)	6.0 (4.0)
Guidehouse Group	Dec	1,600 (1,100)	4.2 (3.5)	1.4 (1.0)
Hall Engineering	Dec	10,210 (9,160)	46.1 (42.5)	14.4 (12.0)
Halls Homes	Dec	2,020 (1,420)	12.3 (8.1)	6.0 (3.75)
Hambro Country.	Dec	21,300 (24,900)	5.13 (7.11)	2.8 (2.6)
Handley-Walker	Dec	1,370 (821)	14.2 (8.9)	5.4 (-)
Hepworth	Dec	86,310 (60,230)	26.8 (21.3)	12.05 (9.9)
Hewitt J & Son	Dec	272 (797)	4.0 (13.3)	2.0 (5.0)
Holders Tech.	Nov	621 (453)	14.0 (11.0)	6.0 (-)
House of Lerose	Dec	1,220 (1,100)	14.2 (12.1)	10.0 (9.7)
Hunting Petro.	Dec	8,750 (7,580)	17.7 (16.2)	8.5 (8.0)
Iceland Frozen	Dec	9,030 (7,224)	21.4 (17.2)	5.25 (4.35)
IMI	Dec	109,100 (92,300)	22.2 (18.2)	8.15 (7.0)
Irish Distillers	Dec‡	18,500 (2,740)	23.7 (17.4)	- (-)
Jacobs John I	Dec	856 (1,370)	3.0 (4.8)	3.3 (3.2)
Johnson Cleaners	Dec	16,470 (11,610)	60.1 (39.0)	23.1 (18.6)
Jones & Shipman	Dec	1,120 (523)	6.2 (2.0)	4.5 (4.15)
Kalon Group	Dec	3,720 (1,450 L)	2.11 (-)	1.0 (-)
Kingfisher	Dec	175,300 (135,400)	25.8 (21.8)	10.5 (9.0)
Klearfold	Dec†	1,860 (1,650)	11.8 (12.0)	5.7 (5.2)
Kleinwort Benson	Dec	17,700 (51,600)	8.66 (24.1)	14.0 (14.0)
Kwik-Fit Hldgs.	Feb	18,450 (18,000)	12.1 (12.3)	2.4 (1.86)
Laing Properties	Dec	23,600 (20,300)	27.2 (24.3)	10.25 (9.0)
Laporte Indust.	Jan	95,300 (75,200)	43.4 (36.8)	15.7 (12.9)
Law Debenture	Dec	3,920 (3,590)	12.2 (10.7)	10.2 (8.5)
Lilleshall	Dec	1,280 (642)	13.1 (6.1)	3.6 (1.5)
Lilley FJC	Dec	7,800 (2,200)	7.50 (3.30)	1.5 (-)
Linread	Dec	2,830 (2,260)	15.2 (12.5)	4.75 (3.75)
London Forfait.	Dec	19,990 (16,530)	15.8 (17.0)	7.25 (-)
London & Metro.	Dec	13,870 (9,065)	20.5 (15.9)	6.2 (4.75)
Mallett	Dec	2,700 (2,350)	12.4 (11.7)	4.4 (4.0)
Manders Holdings	Dec	6,120 (4,860)	14.0 (11.6)	6.35 (5.5)
Matthews Bernard	Jan	10,240 (14,070)	5.33 (7.1)	2.5 (1.75)
MEMEC	Dec	8,300 (6,484)	18.8 (15.4)	5.2 (4.12)
Metalrax Group	Dec	8,090 (5,075)	8.51 (6.94)	3.48 (2.73)
Mining & Allied	Dec	710 (221 L)	1.46 (-)	- (-)
Morgan Grenfell	Dec	33,800 (60,100)	12.1 (23.8)	10.8 (10.8)
Morrison William	Jan	32,150 (25,720)	20.6 (17.1)	2.3 (2.0)
Myson Group	Dec	22,800 (20,600)	18.4 (16.6)	6.25 (5.4)
New Guernsey Sec	Dec	39 (18)	1.4 (0.6)	- (-)
Norfolk Capital	Dec	5,340 (4,768)	1.03 (1.3)	0.54 (0.45)
Peek	Dec	8,370 (2,510)	2.8 (1.6)	1.3 (0.3)
P-E Int'l.	Dec	4,510 (3,340)	17.5 (14.6)	4.5 (3.8)
P&O	Dec	316,600 (275,300)	53.8 (47.1)	25.5 (22.0)
Plaxton	Dec†‡	4,750 (1,490)	14.7 (7.8)	6.2 (4.5)
Propeller	Dec	703 (416)	5.53 (3.34)	0.5 (-)
Prudential Corp.	Dec	339,600 (242,571)	12.6 (9.6)	6.0 (6.8)
Ralyon Group	Dec	4,420 (3,930)	20.8 (16.1)	6.25 (4.8)
Rentokil Group	Dec	50,100 (37,600)	16.4 (11.9)	4.3 (3.3)
Rolls Royce	Dec	168,000 (156,000)	21.7 (18.2)	6.3 (5.25)
Royal Sovereign	Dec	1,480 (935)	16.7 (16.1)	5.5 (4.6)
RTZ	Dec	679,000 (594,300)	50.3 (33.5)	15.0 (11.0)
Rugby Group	Dec	72,640 (51,430)	16.0 (12.7)	5.2 (4.25)
Rutland Trust	Dec	12,090 (5,280)	2.95 (1.68)	0.63 (0.24)
Scott & Robertson	Dec	2,600 (1,800)	16.5 (15.9)	5.0 (4.0)
Seacon Holdings	Sept	1,390 (-)	11.0 (-)	2.5 (-)
Sharpe & Fisher	Dec	2,810 (2,290)	8.1 (6.9)	4.0 (4.0)
Smith & Nephew	Dec	124,200 (109,300)	9.1 (8.2)	3.80 (3.40)
Southampton IOW	Dec	2,800 (2,400)	50.5 (46.5)	24.0 (22.0)
Spring Ram Corp.	Dec	18,560 (10,700)	13.8 (11.7)	0.66 (0.55)
Stag Furniture	Dec	2,120 (1,830)	15.3 (11.1)	6.75 (6.0)
Standard Chart.	Dec	313,000 (250m L)	115 (-)	35.0 (35.0)
Steel Burrill	Dec	3,730 (4,364)	11.7 (15.0)	10.0 (10.0)
Sykes-Pickavant	Dec	1,730 (1,330)	12.7 (11.6)	6.75 (4.3)
Tadpole Tech.	Dec	462 (348)	- (-)	- (-)
Telemetrix	Dec‡	2,114 L (2,099 L)	- (-)	- (-)
Tibbett & Britt.	Dec	6,320 (4,824)	15.5 (11.9)	6.0 (4.5)
Tilbury Group	Dec	14,660 (8,400)	46.9 (32.5)	16.5 (9.2)
Trinity Int'l.	Dec	14,650 (11,470)	16.5 (12.6)	6.0 (5.0)
Turriff Corp.	Dec	4,410 (2,410)	36.5 (25.7)	11.5 (8.3)
VG Instruments	Dec	19,970 (22,300)	22.8 (26.8)	5.7 (4.5)
Western Motors	Dec	10,080 (5,760)	70.7 (56.8)	12.0 (5.0)
Wilaire Group	Dec	3,060 (2,040)	1.9 (1.2)	0.75 (0.25)
Wilson Bowden	Dec	39,000 (17,700)	38.9 (18.3)	6.72 (4.2)
Wimpey George	Dec	144,500 (95,695)	32.8 (25.2)	9.25 (6.75)
Wolstenholme Rink	Dec	4,220 (3,010)	44.7 (33.7)	15.5 (10.2)
World of Leather	Dec	2,080 (750)	16.8 (7.2)	4.6 (3.2)
WSP Holdings	Dec	647 (421)	6.6 (4.5)	2.1 (0.8)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
A&M Group	July	384 L (240)	- (-)
Audio Fidelity	Dec	2,340 L (380)	- (-)
Barratt Developments	Dec	32,500 (17,200)	3.21 (2.79)
Bellwinch	Dec	1,920 (3,510)	1.1 (1.1)
Britannia Security	Dec	5,260 (4,364)	1.06 (0.9)
Burton Group	Dec	117,500 (109,500)	2.8 (2.4)
Cairn Energy	Dec	120 (94)	- (-)
Domestic & General	Dec	1,040 (560)	2.75 (-)
Gabicci	Dec	851 (926)	1.4 (1.4)
GR Holdings	Dec	5,480 (1,030)	- (-)
Halstead James	Dec	3,300 (2,900)	3.75 (3.25)
HTV	Jan	9,590 (8,320)	1.5 (1.23)
London & St Lawrence	Feb†	389 (332)	- (-)
Lucas Industries	Jan	72,400 (53,000)	7.0 (6.0)
LWT Holdings	Jan	16,300 (13,300)	2.45 (2.04)
Maunders John	Dec	3,790 (1,760)	2.1 (1.05)
Monotype Corp.	Dec	1,290 (-)	- (-)
NFC	Dec‡	18,400 (11,900)	- (-)
Norex	Dec	701 (601)	- (-)
Paterson Zochonis	Nov	10,920 (11,790)	1.95 (1.85)
Savage Group	Dec	3,810 (2,170)	1.5 (1.0)
SPS Consultancy	Dec	38 L (284)	- (0.75)
Sur Computer	Dec	484 (345)	- (-)
Strong & Fisher	Dec	3,110 (3,220)	4.0 (3.7)
TIP Europe	Jan	5,190 (3,780)	1.8 (1.4)
Trafford Park Estate	Dec	1,740 (1,600)	1.7 (1.55)
Walker Thomas	Dec	150 (137)	0.26 (0.17)
Wolseley	Jan	53,600 (40,917)	2.8 (2.3)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.† first quarter figures.⊕ gross revenue.† dollars & cents.‡ Irish punts & pence.⊕ net profits.†‡ this years figures for 15 months.‡‡ this years figures for 18 months.

RIGHTS ISSUES

Audio Fidelity is to raise £1.94m via a 7-for-8 rights issue at 30p.
Guidehouse Group is to raise £2.5m via a one-for-nine rights issue at 100p.
Hunting Petroleum Services is to raise £3.3m via a 1-for-12.29 rights issue at 180p.
Tibbett & Britten Group is to raise £16m via a one-for-four rights issue at 250p.
Western Motor Holdings is to raise £12.5m via a one-for-four rights issue at 550p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

CST Emerging Asia Trust is to join the main market via a placing worth up to £10m.
Davenport Vernon is to join the main market via a placing of 5.25m shares at 135p.

LONDON

An unbloodied shirt hides gaping wounds

THE SHORT pre-holiday week was about four days too long for many market-makers. It started skittishly with over-blown fears of another Black Monday after the previous Friday's price slide in New York and London, induced by worries on US inflation. Overall, though, the equity market weathered the storm reasonably well, taking in its stride a 7.8 per cent increase in UK retail prices for the 12 months to February. The FT-SE finished the week only 16.1 points lower at 2057.0

But, oh, what gaping wounds were hidden by that unbloodied shirt. Three shares in particular took large, unexpected knocks, creating sizeable losses for market-makers who could ill afford them. On Tuesday, Scottish & Newcastle Breweries plunged 89p to 329p after the Monopolies Commission said that not only would Elders IXL not be allowed to renew its siege – it would have to sell down its holding from 23.6 per cent to 9.9 per cent within a year.

At least everyone knew that beer was on the agenda, and the simultaneous Monopolies report on brewers' tied estates – recommending that the big six be forced to divest to a limit of 2,000 pubs each – could be interpreted favourably (or, at least, not negatively) for just about every company.

There was no such solace for shareholders in Saatchi & Saatchi, the advertising and consultancy group. Its price slid 60p to 316p after chairman Maurice Saatchi revealed that pre-tax profits would be lower in the year to September than they were in 1987-88. Saatchi blamed deferrals of some large US advertising campaigns and failure of some high-overhead consultancy subsidiaries to meet targets.

The biggest setback came on Thursday, when Consolidated Gold Fields plummeted by 183p to £12.50 in the wake of a US court decision which appeared to doom the hostile takeover bid from Minorco. This demonstrated the folly of the main talking point earlier in the week: the extent to which the South African-controlled predator would have to raise its offer to have a chance of winning? By the first close last Saturday, only 0.2 per cent of Gold Fields shares had been tendered to join Minorco's existing near-30 per cent holding.

Apart from S&N and Gold Fields, however, takeover activity barely got a look-in this week as the season for companies reporting on calendar-year 1988 hit its peak, squeezed between the Budget and an early Easter. The search for venues for analysts' meetings and press conferences forced chairmen to traipse the halls of City livery companies they hardly knew existed.

It is appropriate, perhaps, to look first at the results of two merchant banks which have taken different paths in recent months but had depressingly similar stories to tell for 1988. A £17.3m second-half loss pulled Kleinwort Benson's pre-tax profits for the year down to £17.7m, only a sliver over one-third of the 1987 result. Kleinwort, however, said it remained committed firmly to the securities business despite the intense competition which led to the losses.

Morgan Grenfell, by contrast, revealed that its decision to pull out of this sector just before Christmas had resulted in an extraordinary charge of £39.3m, compared with the pre-tax profit of £33.8m (44 per cent below the previous year's result).

Britannia Arrow, the fund management group, also reported a 35 per cent profits decline to £27.1m. Standard Chartered, on the other hand, disappointed despite turning a £250m loss into a £313m profit.

In other sectors, there were gratifyingly few declines. Among the handful which reported lower profits for 1988 were Shell UK; the Hong Kong-registered electronics company BSR International (which tried to divert attention from a 62 per cent decline by agreeing to sell a 45 per cent stake to Emerson Electric in return for the US group's power-conversion subsidiaries); the estate agent Hambro Countrywide; turkey and meat products group Bernard Matthews; and the scientific instrument maker, VG Instruments.

Bigger names in general produced results in line with expectations. These included BAT Industries, Peninsular and Oriental Steam Navigation, Rolls-Royce, Cookson Group, Bowater Industries, Smith & Nephew, Rugby Group, George Wimpey, Booker and IMI. At the interim stage, Lucas Industries had bad news from aerospace, but this was offset by improvement in automotive and industrial profits.

Prudential Corporation, Britain's biggest insurer, reported a 40 per cent rise in pre-tax profits to £339.6m. The Pru also said it would raise shareholders' "participation rate" in life assurance profits – the proportion they get – to 10 per cent. This eased market fears of a rights issue.

Bunzl, the paper and packaging distributor and manufacturer of cigarette filters and other specialist products, continued its annual tradition of changing accounting policy. This time, Bunzl decided to divert below the line trading losses of companies it had decided to sell from the date the decision was made, even if they remained in the group (as they have) for another eight months or more. This enabled Bunzl to show a 9 per cent rise in the pre-tax level rather than 4 per cent, and insulated earnings per share from any ill-effect.

Two leading retailers provided more pleasant surprises. Kingfisher put behind it the farcical circumstances of its name change from Woolworth Holdings and showed a 30 per cent rise in pre-tax profits to £175.3m (for the 12 months to January 31), excluding exceptional items and profits on property disposals. Burton Group's interim profits were only 7 per cent ahead at £117.5m, but that was better than expected.

The search for venues for analysts' meetings and press conferences forced chairmen to traipse the halls of livery companies they hardly knew existed

For the best results of the week one had to turn to RTZ, the world's largest mining group, which reported record net attributable profits of £427m, a 53 per cent rise over the 1987 result.

■ ■ ■

"YET BY FAR the most important influence in the market has been the hope of an expansionist Budget since, at present, both Keynesian and exponents of strict Budget arithmetic are – unusually – united in the opinion that the Chancellor has scope to make concessions. The news of the week has reinforced these hopes."

Hey, wait a minute, the Budget was last week. And anyway, Daddy, what's a Keynesian?

Be patient, and let me continue.

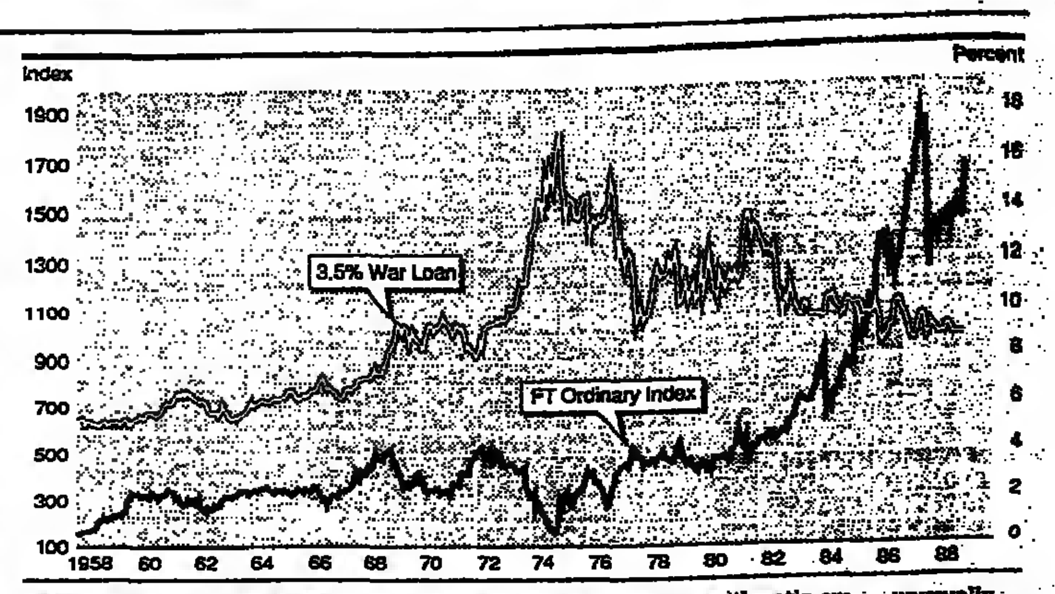
"The revenue figures for 1958-59 showed that while both revenue and expenditure had been higher than forecast, the ordinary revenue surplus was £13m more than the estimate of £364m and the overall deficit, at £182m, was some £84m less than had originally been predicted."

No prizes now for guessing the source of this quotation: the first "Onlooker" to be written in Bracken House, the week after Easter 30 years ago. Although the name has not appeared for several years on the weekly round-up of the London market, it still remains our tag for the column, a tradition which no doubt will survive the FT's short trip over to Southwark this weekend.

Some of the names in the chief price changes table may not look too familiar, but there are other echoes from 30 years ago besides the FT's own move. In that initial Bracken House Onlooker, one of the featured items was speculation over the future of Harland and Wolff, the Belfast shipyard which the previous year had disenfranchised certain foreign shareholders. This week, after 14 years of state ownership, Harland was poised to re-enter the private sector through a management buy-out.

And now, it's time to get packing.

Clay Harris



HIGHLIGHTS OF THE WEEK

	Price Thursday	Change on week	1989 High	1989 Low	
FT Ord Index	1698.4	-7.1	1781.1	1447.8	US inflation worries.
Bass	906	-26	979	793	MMC orders industry restructuring.
Chrysalis	229	+64	248	128	THORN EMI buys 50% stake.
Church (Charles)	117	+9	118	78	Church family bids 120p a share.
Cons Gold Fields	1250	-202	1478	1210	Minorco injunction upheld.
Davies & Metcalfe	173	+25	175	120	Better than expected profits.
EBC	210	+18	211	147	Annual profits rise 72%.
GR (Hldgs.)	178	+20	185	145	Six-fold profits rise.
Greene King	541	-59	622	447	MMC orders industry restructuring.
Kleinwort Benson	294	-24	344	277	Steep decline in profits.
Kwik-Fit Hldgs.	102	-11	120	100½	Annual profits disappoint.
London Forfaiting	140	-39	182	139	Warning about current trading.
Prudential	194	+13½	194	152	Excellent figs. Rights fears recede.
Saatchi & Saatchi	300	-88	421	298	Warning of lower profits.
Scottish & Newcastle	314½	-99½	449	309	MMC blocks Elders IXL bid.

WALL STREET

Disaster day for Digital

AFTER Wednesday morning's debacle for shareholders in Digital Equipment, when what has arguably been the world's most successful high technology company lost 10 per cent of its $12bn market value in 15 minutes, it is worth reflecting on an old stock traders' adage: Nobody ever loses money investing in growth stocks – as long as the growth is in the future, not the past.

The Digital collapse cast a dark shadow over the rest of Wall Street on a day that might otherwise have been the perfect time for the beginning of a significant short-term rally. With the inflation anxiety of the previous week effectively, if temporarily, subdued by Tuesday's consumer price figures, Alan Greenspan, the Federal Reserve's increasingly self-confident chairman, was able to hint reassuringly that interest rates were unlikely to rise further, at least in the short term.

This helped to lift the bond market's doom-laden spirits. Why, then, did Wall Street refrain from rising to new post-crash highs?

The easy answer is that it soon might. After all, the level of the Dow Jones Industrial Average is only 4 per cent below the high of 2,347.14 attained on February 7. Considering that long-term bond yields have risen from 8.8 per cent to 9.2 per cent since then, the equity market has acquitted itself remarkably well.

With so much bad news built into stock prices already, it seems appropriate to apply contrarian principles and suggest that the next short-term move is likelier to be up than down. After all, how much more can there be to fear for a market which has already absorbed last week's scare about "12 per cent inflation" and this week's panic selling of computer stocks, its most important single sector?

For longer term investors, however, the Digital Equipment fiasco points to a fundamental worry about the market's present level. Digital's stock fell from $106 to $95⅞ on Wednesday because the company told analysts they were over-estimating its sales and profits for the three months which end on April 1, the third quarter of its fiscal year.

Note that Digital did not hint it would report a loss, or even that its many years of revenue growth were over. It merely suggested that its sales in the present quarter would be around $3.1bn, instead of the $3.2bn that many had been predicting.

Even the lower figures would be some 10 per cent *higher than the sales reported* a year ago. But from such an apparently miniscule adjustment in sales growth, Wall Street inferred that Digital's net profits for the present fiscal year would be nearer $9 a share than the $9.50 which it had expected a few weeks before.

Why did this minor correction lead to a billion-dollar sell-off in what was still one of the two pre-eminent computer companies in the world (the other being IBM)? The answer brings us back to the adage about growth stocks and tells us a great deal about the long-term risks inherent in equity prices at their present levels.

Even before Wednesday's sell-off, Digital's stock had fallen 47 per cent from the peak of $199½ it hit shortly before the 1987 crash. What accounted for that astonishing collapse was not some unexpected deterioration in the company's performance, or even the general sobriety among investors in the post-crash financial world. After all, the market as a whole is is now only 17 per cent below its 1987 peak.

The reason Digital fell one-third more than the rest of the market was simply that its pre-crash valuation was built on absurdly over-inflated hopes – which the company's management, to its credit, had done absolutely nothing to encourage. In 1986 and 1987, Digital's net profits grew by 61 per cent and 84 per cent respectively – and Wall Street investors essentially refused to recognise that such unsustainable growth rates only come in bursts, which then give way to much smaller improvements or even outright *declines*. Digital's own history provided plenty of evidence for this. Despite the company's spectacular long-run success, it had passed regularly through periods of declining profits.

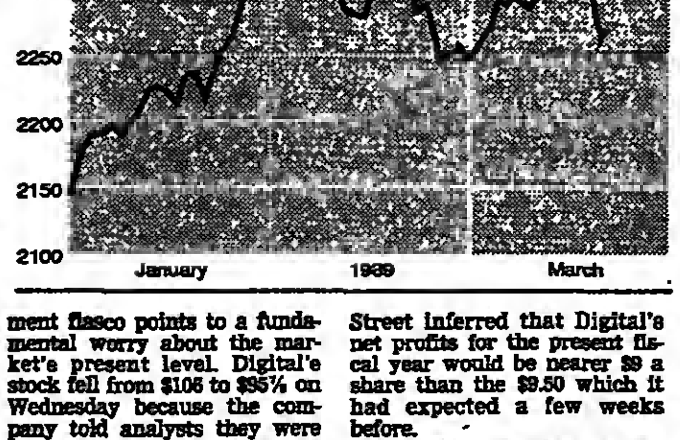
In the feverish atmosphere at the top of a bull market, however, such lessons tend to be forgotten. And the fact that Digital lost 10 per cent of its value in 15 minutes suggested that the present market prices are still well above the levels that reflect a realistic and sober assessment of the long-term future.

Today, the main beneficiaries of over-optimism may not be technology stocks but media companies, food businesses and pharmaceutical producers. But, taking the market as a whole, the evidence seems clear. After two years of record profits' growth, Wall Street is still paying too much attention to the prosperous past and not enough to the problematic future.

Monday	2262.50	– 29.64
Tuesday	2266.25	+ 03.75
Wednesday	2263.21	– 03.04
Thursday	2243.04	– 20.17
Friday	CLOSED	

Anatole Kaletsky

Dow Jones Industrial Averages



JUNIOR MARKETS

Hope revives for oil sector

IS THE bombed-out oil sector of the Unlisted Securities Market undergoing a revival? That, clearly, is one interpretation of its strong showing in the list of best-performing stocks of the year.

Midland & Scottish tops the bill with a five-fold increase in share price while Lysander, Tuskar and Monument Oil and Gas are among the other high-flyers of the past three months.

The sector has suffered from the weak oil price and the grisly treatment meted out to speculative shares after the 1987 market crash. So, the improvement in the stock market generally and the revival in the oil price are bullish factors – although signs of a recovery should still be treated with caution.

Despite the rather lack-lustre exploration record of small oil companies, some pundits believe they can do more than hold their own. Paul Spedding, of Kleinwort Benson Securities, says lower administration costs make the contrast between the minnows and larger companies like that between nimble speedboats and lumbering tankers.

Certainly, exploration finds are helping share prices. Tuskar Resources, which this week announced a significant find in Colombia, has seen its shares rise by 73 per cent in the past three months.

Yet, the outlook for shareholders in the small outfits is still far bleaker than for those in larger independents which have basked in the glow of the past year's takeover activity. Bids valued at under £200m are seen as unlikely, partly because the assets on offer tend to be unappetising to larger players, which very often discarded them in the first place.

Furthermore, many of the smaller companies operate onshore, which lowers their attraction because exploration costs cannot be used to offset petroleum revenue tax.

In addition, the hope value given to small exploration companies by shareholders tends to exceed the price that a major company would be willing to pay.

But even if takeover activity looks likely to by-pass the sector, the arrival of new shareholders is a major factor behind the outperformance of some shares. Witness Midland & Scottish, the former Jebsens Drilling – a contractor that seemed likely to be wound up after its miserable career on the USM culminated in a near-two year suspension.

That was lifted last month when Midland & Scottish, a private company, bought a 75 per cent stake which, it claimed, put it in a position to become one of the largest UK integrated offshore services groups.

Changes of management have also played a prominent role in the industry. Two such cases are AmBrit International and Monument Oil and Gas, which both have seen the injection of entrepreneurs with backgrounds in the oil industry.

It could be argued that Lysander, too, is benefiting from its new US management – which corrected the traditional naivety shown by UK oilmen in the US.

Perhaps more pertinent to its outperformance, though, is that this year's improvement merely claws back some of the 58 per cent of the share value lost in 1988 when it was one of the worst performers of the year.

Leaving aside the higher-profile operators, though, most USM oil companies appear to be typical penny shares: under-researched with tight markets and huge spreads. Since the early days of the USM, when more than a quarter of the members were oil companies, the success stories have been few and far between.

There is certainly a degree of cynicism on the market about small oil companies. Newcomers, such as Marinex, have tended to arrive on the USM due to technical factors – such as the abolition of the Rule 535.3 dealing facility – although the Third Market has seen half a dozen oil debutantes in the past couple of years.

Indeed, some of the higher-profile companies have been considering a partial withdrawal from the exploration business. One such is Floyd Energy, which this week announced it had edged back into profit in 1988.

Perhaps the most celebrated case, however, is one of the USM's founder members, Cluff Resources, which in the past year has been transformed into a mining company. It celebrated the change this week when it announced its first annual profit for more than 10 years.

Vanessa Houlder

Farewell to the City

● *From Page I*

and so on, to a quite sickening extent. The mid-1970s saw a brief breathing space, but by then much of the damage had been done.

These were also years of change in the office, with the rise of the computer in the 1960s bringing to an end manual systems of settlement and with them a whole clerical way of life. And, in general, the City at this time was becoming an increasingly competitive place (following the epochal "Aluminium War" of 1958-9) and also an increasingly international place (especially as the American banks responded to the burgeoning Euromarkets).

These trends accompanied a shift away from traditional personal contact: brokers no longer visited the banking parlours, while the decline of the jobbing system meant that power passed from the floor of the Stock Exchange to the more impersonal screen and telephone in the office. Moreover, with the rise of the institutional investor, above all the pension funds by the late 1970s, and the perceived need for ever greater capital, there were steadily fewer firms. These firms tended to be ever bigger, culminating in the rise of the conglomerates earlier this decade. Many historic Stock Exchange firms abandoned their independence and some are now no longer even names on doors. It was an astonishingly precipitate and in many ways sad course of events.

Yet already the financial revolution of the mid-1980s is starting to unravel, with the new masters from America and Europe finding that they have paid a high, perhaps unacceptable price for their stake in the square mile. Instead, as Bracken House is vacated to the Ohbayashi Corporation and a few hundred yards north the old Post Office headquarters in St Martin's-le-Grand are kitted out for Nomura, it is the Japanese who may be poised to achieve dominance in the 1990s.

As the "new" City continues its evolution, becoming ever more a world of screens and spritzers, it is likely to bear but a passing resemblance to that colourful, sometimes bruising, always convivial milieu which successive generations once proudly inhabited.

■ *David Kynaston is the author of* The Financial Times: A Centenary History *(Viking, £25).*

FINANCE & THE FAMILY

IN THE NEWS: THIS WEEK

Money flows back to the building societies

The Building Societies Association reported that net receipts jumped in February to £1,064m. The rise followed three months during which the average inflow was only £800m, having fallen to £784m in January. The BSA attributed the rise to seasonal factors, the rise in some societies' interest rates in February and possibly the fall in the stock market. Mortgage lending by societies picked up too. Net new commitments rose to £3,432m in February. This compared with £2,258m in January but was well down on the February 1988 figure of £4,350m.

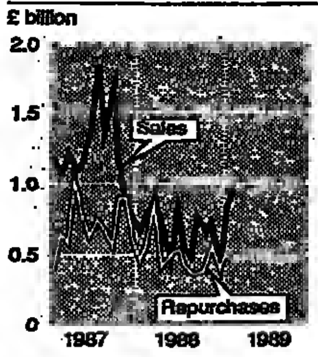
Reduced mortgage rates offer

Morgan Grenfell has cut the interest rate on its new PEPs mortgage from 13.5 to 12.5 per cent. Mortgage Corporation reduced its base rate for new borrowers to 12.5 per cent for its standard and high equity schemes. The starting rate for its Headstart mortgage falls to 9.5 per cent, 3 per cent deferred for three years and added to the capital value of the loan.

Unit trust sales jump

Sales of unit trusts, and net new investment, rose again in February, reaching the highest level since the October 1987 crash. However, the number of unitholder accounts continued to decline, suggesting that the bulk of new money coming into unit trusts was from financial institutions. The Unit Trust Association reported that gross sales of unit trusts in February totalled £977.2m. This compared with sales of £845.9m in January and £742.3m in February last year. Repurchases (sales by investors) dropped to £481m, against £521.2m in January, so net new investment was £496.2m. The value of funds under management has recovered to £46.89bn, the highest level since the peak of £50.33bn in September. However, the number of unitholder accounts slipped by a further 17,000, reducing the total to 4,826,000 — the lowest since September 1987.

Unit trusts



Warning on share selling

The Securities and Investments Board, the City "watchdog" regulatory agency, issued a public warning against a Caribbean share-selling company, Atlantic and First National Securities. It said the company, based in the Netherlands Antilles, was not authorised to carry on investment business in the UK.

Abbey National dealing offer

Norwich and Peterborough Building Society said it would offer a special dealing rate for members of the Abbey National interested in selling their shares if the vote goes in favour of Abbey becoming a plc. It will charge £10, plus VAT, per deal including "family deals" of up to four people. Meanwhile, Bristol & West Society announced that its share portfolio management services, offered in conjunction with stockbrokers Laing & Cruickshank, was being discontinued owing to "insufficient demand."

Moving costs on the way up

The cost of moving home is once more on the increase, after two years of declining, according to a survey by the Woolwich Building Society. Charges by solicitors, surveyors and estate agents have risen, but since the slowdown in the housing markets removal firms have cut fees to be more competitive.

Heather Farmbrough studies prospects for BES investors after the ending of the tax relief loophole

The party's over for close companies

A CAT and mouse game has been going on between the Inland Revenue and the Business Expansion Scheme since the scheme was introduced in 1983. The game took a new turn in last week's Budget when the Inland Revenue pounced on one of the juiciest loopholes — investment in close companies under the BES.

So attractive was the prospect of two sets of tax relief that investors put over £100m into some otherwise rather dull assured tenancy letting issues. But, as was widely anticipated, Chancellor Lawson pooped the party, ending the tax advantages of investing in close companies from midnight on Budget day.

Investors who had been allocated shares in close company issues by March 13 will still qualify for tax relief on loans taken out to fund those investments. Less lucky were those who had parted with their money but had not been allocated shares in a close company.

As one FT reader complained, all sorts of other investments are being offered *but they do not amount to* the double set of tax relief offered before the Budget. New investors in close company issues which were open before the Budget do not qualify for tax relief on interest payments.

Reaction to the end of the close company loophole has depended, predictably, on which side of the rented property fence observers were sitting. But Dennis Fredjohn, of sponsor Capital Ventures, which promoted the close company issues Roman Rentals I and II, is relieved that such issues have been proscribed.

"We were forced by competitors to offer close companies," he says. The first Roman Rentals issue closed subscribed fully at £5m, while the second had taken in £3m out of a maximum £5m by March 14.

The Roman issues were small fish in comparison with the two giants of the closed *company route*, Allied Dunbar Link Homes and Johnson Fry's SCAT (Smaller Company Assured Tenancies) issues, which have taken in more than £65m each over the present fiscal year, dominating the assured tenancy issue market.

Investors in close company issues were offered a choice of regions in which to invest, although the degree of choice varied. For instance, Johnson Fry offered only a north-south choice while Constellation Homes, which closed with a maximum subscription of £5m, was based entirely in Liverpool.

Their success seems to have little to do with the comparative merits of the schemes or the prospects for local property prices. BES investment is, for most people, a way of reducing their tax bill, so the double set of tax relief was extremely popular. Nevertheless, it is unlikely that even one-quarter of the amount raised would have been brought in without the selling skills of the Allied Dunbar and Johnson Fry sales forces, particularly as many investors were going into the BES market for the first time.

Assured tenancies have had a big impact on the amount of money raised under the BES. During the present tax year, more than £270m has been raised compared with a total of £181m in the 1987-88 fiscal year. At the end of October 1988, the latest date at which investors could claw back tax relief at 1987-88 fiscal rates, only £4m of this had gone into non-assured tenancies compared with £102m raised for assured tenancies.

Close company schemes have distorted the picture even more. According to John Spiers, of BESt Investment, more than £165m has been raised under the BES since January 1, of which at least £105m went into close companies. Link alone took in £52m between the beginning of the year and Budget day.

Close companies have clearly taken money away from other issues. Only a handful have actually raised maximum subscriptions. This is a pity as some companies, like Spitfire Television, are exciting investments which could produce a potential high return well above that yielded by a boring assured tenancy.

John Harrison, of BEST BES, says: "Assured tenancies will still dominate the market because they are perceived to be lower risk – the managers would have to be very incompetent to lose money. But the best returns will still come from trading companies."

While assured tenancies have boosted the amount of capital raised under BES, some of the 60 plus issues still open are unlikely to raise the minimum subscription and investors' money will have to be refunded. Others will cover the minimum but find they have to come back for more money next year.

This means that if you are thinking of investing in the BES before the end of the present tax year (to qualify for relief over the 1988-89 fiscal year), it is essential to be selective. Assured tenancy issues which have been open for a couple of months, and which have failed to raise £1m out of a total of £5m, are perhaps best avoided, as you want to be certain your issue will proceed.

It is also worth considering carefully exactly what kind of investment you want. There are, for instance, companies which intend to let properties as assured tenancies in the form of sheltered housing. But there is a danger that schemes which are trying to fulfil two objectives will find themselves with internal conflicts.

Other considerations are the location and kind of property, and what sort of tenants the company intends to attract. The basic question is whether the property can be rented out to a decent tenant for as many weeks as possible.

Any issue where initial costs are more than 10 per cent of the amount raised is probably too expensive. Check also to see that directors have relevant business experience and a financial interest in the company. Finally, ask if there is a good exit route for the company so you can realise your investment after five years.

There are still a variety of ways open to invest in the BES. You can either choose a prospectus for a single company, not necessarily an assured tenancy, or a fund like Sun Life's BESRES II, which offers investors a choice of 16 regional companies.

The marketing of BES schemes is likely to become increasingly sophisticated over the next year, with investments linked increasingly to other financial products like pensions. But over the next few days, the emphasis has to be simply on trying to select the best of the bunch.

Some BES schemes still open

Company	Sponsor	Specialisation	Closing Date	Minimum Investment	Maximum Subscriptions
South East Ass.Tens.	Royal Trust	Greater London Properties	11 April	£1,000	£5m
High Yield Residential	R.J. Temple	Glasgow	4 April	£1,725	£5m
Beechwood Glasgow	Hodgson Martin	Glasgow	5 April	£2,000	£5m
Sun Life BESRES	—	16 regional companies	5 April	£2,000	—
Wellington Fund 5	—	Fund	5 April	£5,000	—
190 Queensgate	Baltic Asset	Private Club	5 April	£500	£0.5m.

Deadline on pensions nears

LIFE COMPANIES are reporting record business in personal pensions as people rush to beat the April 5 deadline for opting out of the State Earnings-Related Pension Scheme (Serps).

However, life companies would do even more business if employees understood the working of the state pension scheme.

The press, including the Weekend FT, has on numerous occasions pointed out the *advantages of younger employees* opting out of Serps and emphasised that the special opportunities for the tax years 1987-88 and 1988-89 will be lost forever if action is not taken by the deadline.

Unfortunately, this message goes right over the heads of *many employees – simply* because they do not appreciate *that they are in Serps. In particular*, many women are missing out on a splendid opportunity. So, it is worth going back to basics.

The present state system was brought into operation nearly 11 years ago. Yet, surveys show that the majority of employees have, at best, only a hazy idea of its operation and how they fit into the system.

The state pension scheme operates in two tiers, but both are paid from a single source – National Insurance contributions.

■ First, there is the basic scheme to which every working person below the official *state retirement age belongs*. This pays a weekly flat-rate pension benefit.

■ Second, the State Earnings-Related Pension Scheme – which applies only to the employed – pays an additional pension related to earnings and length of employment since 1978.

Everyone working for employers or themselves remains in the basic scheme. However, employees can be contracted-out of Serps, either by their employer through membership of the company pension scheme, or individually by the employee.

If the employee is not contracted-out, then he or she is automatically in Serps and, accordingly, has to pay increased National Insurance contributions.

There are two different rates of National Insurance contribution. You pay a lower rate if you are in the basic scheme only and contracted-out of Serps.

But the NI contribution deduction usually appears as a single monetary amount on the employee's pay slip or wage packet, with no indication as to which rate applies. It is important to find out, though, since this will decide whether or not you are eligible to take advantage of the bargain offer by the government.

The majority of company pension schemes are contracted-out of Serps. So, for many employees in contracted-out company schemes there is nothing to be gained. But the company scheme might in some cases be contracted-in, in which case the employee can contract-out on an individual basis and take advantage of the offer.

Employees who are waiting to join a company scheme will also be in Serps and thus will be able to take advantage of this opportunity. So will employees working for companies without a pension scheme.

Some categories of employees may not be eligible to join the main company scheme. This applies particularly to part-time employees; they are also eligible for this offer. Taking a contracted-out appropriate personal pension does not involve the employee in any monetary outlay at all.

The company pension scheme explanatory booklet will tell employees whether or not their scheme is contracted-out. Although an employee is entitled legally to a copy of the scheme rules within 13 weeks of joining, a new employee can only ask for a copy of the rules.

Eric Short

FINANCE & THE FAMILY

The Week Ahead

From mundane to exciting

NEXT WEEK'S list of company results goes up and downstream in the oil business, dips into property, construction and building, and fields a cross-section of the insurance industry. Assorted engineering groups and a top newspaper publisher round off the corporate offering.

After a 50 per cent rise in crude oil prices from last December, Shearson Lehman Hutton likes the sector. It is not so sure about Burmah Oil. *SLH* analyst Nick Clayton thinks that people got carried away in the middle of last year when crude prices were falling and oil product margins seemed bound to improve.

Soon after that, the company was faced with rising costs for chemical additives. Given the way basic feedstock costs were known to be moving, it could have found these hard to recover in prices.

SLH expects Burmah's chairman, John Maltby, to announce net profits of £91.7m for 1988 next Thursday, after £73.5m last year. These will take in £10m from a property sale and £2m from a change from year-end to average exchange rates; but they see a squeeze on margins in the second half of 1989.

On the same day, LASMO could be mundane in retrospect but exciting in outlook. It estimated 1988 net profits at £25m (up from £22m) when it paid £358m for the UK oil exploration and production arm of the Canadian publishing group, Thomson, at the end of last month. Depending on the path of crude oil prices, however, net profits could rise to £41m, or even £58m, this year.

Slough Estates stars in the property sector on Wednesday. This used to be a contradiction in terms, since Slough built its impressive long-term growth record on industrial property – mundane buildings in mundane places.

But as analyst Judith Huntley, of Kleinwort Benson Securities, points out, that puts it in the best-performing sector of the real estate market, for 1988 and possibly for 1989 as well.

Later, its expansion into commercial property should help sustain it; Bredero, the retail and office developer in which it has a 52 per cent stake, reported excellent results this week. Next week, Slough's assets per share could leap from 287p to 380p, with pre-tax profits in the £70m to £72.5m bracket against £62m in 1987.

Construction and building materials feature two companies which have moved off their traditional pitch, temporarily or otherwise. Beazer had to take a big, unwanted chunk of the chemicals business when it bought Koppers, the US building materials group, for $1.72bn (£943m) last year.

Three or four weeks ago, though, it had its Koppers disposals up to $854m and Thursday's question will be how its house-building side, the big contributor to profits last year, is coping at the half-way mark. KBS expects interim profits to rise by £10m to £52m; SLH goes for £54m with £132m (£107m) to come for the full year.

Marley, which reports on Wednesday, has seen a move into motor components from its building materials base; a major property sale; boardroom departures, and talk of predators in the wings. The hope here is that profits will rise from £55m to £70m, with £10m from the property sale on top.

While all this is going on, there will be a number of economic indicators to tickle the equity markets.

On Tuesday, the CBI Monthly Trends Enquiry will indicate sentiment in UK manufacturing. On Wednesday, Neil MacKinnon, senior economist at Chase Investment Bank, expects the UK trade figures to show a current account deficit down from £1.7bn in January to £1.3bn in February, against a forecast range of £1bn to £1.8bn. Also on Wednesday, he is hoping that US leading indicators for February will show some slowdown in economic activity over there.

In insurances, the downturn in the underwriting cycle, led by the US, makes a sombre backcloth. But Guardian Royal Exchange, the big composite which leads next Wednesday's collection of results, does not have the same overseas exposure as some of the other majors.

In the US, says Marcus Browne of ANZ McCaughan, GRE tends to be in specialist areas like inland marine, and high-risk motor policies which the big boys are unlikely to want. Within a narrow market range of £220m to £240m, Browne expects its chief executive, Peter Dugdale, to show a rise in profits from £165m to £220m before tax.

Meanwhile, forecasts for insurance broker Willis Faber have slipped – from £75m a year ago, through £65m last September, to Browne's precise £58.2m a little over a month ago. That reflects the underwriting decline, particularly in US property/casualty and aviation business.

On a smaller broking scale, pre-tax profits from Hogg Robinson & Gardner Mountain could be down from £11.2m to £10.4m. And, finally, the recently embattled Sun Life Group is regarded with virtually academic interest by the analysts, having been rendered virtually bid-proof last year by the opposition of major South African and French stake-holdings.

Of the engineers, Glynwed is the connoisseurs' choice, even if it has been calling itself an industrial group in recent years (reflecting its interests in plastic fittings and consumer products like the Aga and Raeburn cookers). The company has achieved earnings growth of more than 20 per cent compound since 1983.

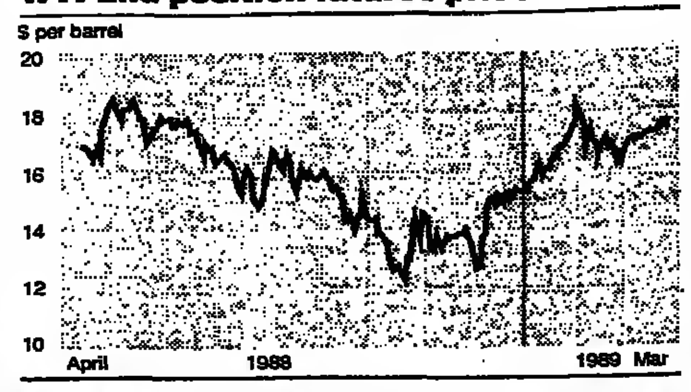
It is going to do it again on Wednesday, according to Andy Chambers of the Nomura Research Institute. He expects profits to rise from £60m to £82m before tax; and a further gain of a fifth is pencilled in for 1989.

Spirax-Sarco and the Weir Group (results on Wednesday and Thursday respectively) complete the engineering collection.

One of the biggest names of the week stands on its own. United Newspapers, headed by Lord Stevens, might be in for a quieter set of results than it produced in 1988, when it boosted profits by 68 per cent to £95.6m before tax. However, despite further circulation losses at the *Daily* and *Sunday Express* newspapers, and post-crash problems for ExTel, it could make £105m for 1988, with cost savings of £40m to shore up performance between now and 1991.

William Cochrane

WTI 2nd position futures price



Source: Shearson Lehman Hutton. Jeremy Hudson of the SLH oil team explains that West Texas Intermediate (WTI) is regarded as the world's leading marker for crude oil prices, and that 2nd position looks two months ahead, to smooth out some of the flurries in the market.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
American Trust	Wednesday	1.15	2.25	1.25
Anglo Eastern Plantations	Thursday	-	-	-
ATA Selection	Thursday	0.7	1.1	0.84
Avdel	Friday	0.5	1.0	0.6
Blackwood Hodge	Wednesday	0.55	0.65	0.6
Boddington Group	Wednesday	1.47	2.5	1.58
British Syphon Industries	Tuesday	1.84	2.66	2.024
Brooks Service Group	Thursday	1.4	2.8	1.6
Burmah Oil	Thursday	6.0	10.5	7.0
Celestion Industries	Wednesday	-	1.0	-
Clifford Foods	Thursday	3.3	5.5	3.0
Clinton Cards	Thursday	-	-	-
Coates Brothers	Friday	2.2	-	2.4
Derwent Valley	Tuesday	0.75	4.3175	1.5
Elys (Wimbledon)	Friday	1.0	11.0	1.0
Edmond Holdings	Friday	0.16	0.62	0.50
Gardner DC Group	Thursday	-	-	1.1
Glynwed International	Wednesday	2.88	5.2	3.45
Goal Petroleum	Friday	-	1.0	-
Grampian Holdings	Wednesday	1.25	2.75	1.7
Guardian Royal Exchange	Wednesday	15.0	28.0	3.5
Hogg Robinson & Gardner Moun...	Wednesday	5.0	3.0§	2.5
Jeyes Group	Thursday	-	-	-
London & Scottish Marine Oil	Thursday	2.5	5.2	2.5
Lopex	Tuesday	2.0	3.0	2.4
Macfarlane Group (Clansman)	Thursday	1.252	2.06	1.75
Marley	Wednesday	1.65	3.35	2.1
Miller Stanley Holdings	Tuesday	0.5	0.75	0.75
Molins	Thursday	2.5	7.1	2.5
Monument Oil & Gas	Tuesday	-	-	-
More O'Ferrall	Thursday	1.8	5.4	2.4
NMW Computers	Wednesday	1.5	1.0	-
North Sea & General	Thursday	-	-	0.3
Plasmec	Thursday	1.0	1.8	1.5
Psion	Wednesday	-	-	-
Rockware Group	Wednesday	0.60	1.125	1.0
Schroders	Wednesday	6.0	10.5	3.0
Scottish Heritable Trust	Tuesday	2.0	3.0	2.5
Senior Engineering	Thursday	0.91	1.29	1.0
Sherwood Group	Wednesday	1.5	3.0	1.8
Singer & Friedlander	Tuesday	-	0.75§	0.75
Sintrom	Tuesday	0.75	1.45	0.90
Slough Estates	Wednesday	2.8	4.5	3.3
Spirax-Sarco Engineering	Wednesday	1.7	4.7	2.2
Sun Life Assurance Society	Wednesday	11.44	22.2	12.58
Technology Project Services	Tuesday	1.34	2.65	1.6
Trilion	Tuesday	-	-	-
United Newspapers	Thursday	7.0	12.0	7.5
Weir Group	Thursday	1.25	3.25	2.25
Willis Faber	Wednesday	3.85	7.61	3.85
Worcester Group	Wednesday	0.66	1.4	0.92
INTERIM DIVIDENDS				
Barry Wehmiller Int'l.	Wednesday	1.5	3.0	-
Beazer	Thursday	2.1	4.25	-
Bennett & Fountain Group	Tuesday	0.3	0.7	-
Castle Communications	Tuesday	3.0	4.2	-
Colroy	Tuesday	-	0.85	-
Cooper Frederick	Thursday	1.1	2.15	-
Frogmore Estates	Wednesday	2.3	7.7	-
Melville Group	Wednesday	-	-	-
Murray Electronics	Tuesday	-	0.2	-
Murray Ventures	Thursday	2.15	3.85	-
Ossory Estates	Wednesday	0.15	0.35	-
Prospective Group	Wednesday	-	1.0	-
Town Centre Securities	Thursday	0.5	1.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.§ figure for 9 months.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
CCA Publ.	135*	134	115	14.90	HTV
Chamberl'n Phipps	202	219	154	75.95	Evode
Chamberl'n Phipps	220*	218	189	81.0	Bowater
Cons Gold Fields	1398§	1243	1436	3.16bn	Minorco
DDT Grp.	116	115	110	7.58	Vistec
Delmar Group	70*§	70	60	4.93	Bromsgrove Inds.
JSB Electrical‡	397	393	313	25.01	Emess
Jacksons B'ne End	150*§	182	147	12.75	Yasolla
Jenter	100*§	130	98	4.90	Parris/ETL
Local London	550*	544	484	110.99	Priest, Marians
Piccadilly Rad NV	362§	319	258	28.96	Miss World
Ratcliffe (G.B.)	250*	249	200†	11.74	Severn
Splash Prods.	78	77	71	18.63	Astra Trust

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 23/3/89.†At suspension. §§Shares and cash.

Why it pays to keep it simple

THE PUZZLING behaviour of stock markets over the past two years has led to a revival of interest in systems of "index-tracking" designed to ensure that the investor keeps up with the market even if he cannot beat it. Rather elaborate systems have been adopted to achieve this objective.

This development has a certain piquancy for the people managing our college portfolio, because, essentially, we have sought similar objectives for 36 years. We have, however, used much simpler methods because we have no interest in following any particular index precisely.

In any event, we have beaten ths index handsomely: thus, £100 invested in our portfolio in 1953 would have been worth £3,592 at the end of our last financial year (June 30, 1988), against £1,059 if we had matched the FT index; and the income in 1987/88 from that £100 would have been £171, against £48 from the FT.

What, then, have been the common features between our methods and index-tracking?

First, we spread our portfolio over virtually all industries: we do not attempt the laborious task of matching the proportion of the whole index represented by each industry, but the general pattern is broadly similar.

Next, we remain invested fully at all times (like the index). Thus, we suffered the great crash in October 1987 but, previously, we had enjoyed the long rise.

Third, our principle (like that of the index) is to "buy and hold" - thereby, *inter alia*, minimising dealing costs. We do have an annual review, at which we are prepared to make changes (as well as deal with any accretion of funds from legacies), but we seldom make sales equal to more than 5 per cent of the portfolio.

Quite a lot of these are to reduce the value of a holding which has moved outside our "normal range" for that year – with corresponding purchases to top up holdings which are below it. Except at the annual review, we almost never deal – unless we feel driven to do so by rights issues, take-over bids (or threats of them) and privatisation issues.

The system was adopted in the conviction that it would give us a good income initially – in 1953, ordinary shares had a higher yield than bonds – and that future income would probably prove acceptable in real terms over the next century or two.

It is still too early to test the second point but, in real terms (ie, at 1953 prices), each £100 invested in that year was worth £346 in 1988 and produced an annual income of £16.40. On top of that, the work involved has been minimal and we have never paid a penny for professional advice.

We are, frankly, a bit puzzled as to why the results have turned out so much better than those of the index. We must, presumably, have chosen shares in most industries which did better than the ones chosen by the index-makers.

But our methods are primitive; we prefer stocks with high earnings yields, and we sometimes sell out what seem to have become "glamour" stocks. The moral is, perhaps, that people in charge of long-range portfolios should stick to our guiding principle: "Don't try to be too clever."

Academic Investor

The sport of flings

Peggy Hollinger explains how the small man can get into racing

SETTING UP a company which is almost a dead cert not to make an immediate profit, and asking investors to buy shares expecting a risky return, is a proposition that looks sure to *fall at the first fence*. But the idea has taken off at a gallop since it was launched early in the 1970s. It is, not surprisingly, the business of buying, selling and training racehorses under the umbrella of a company or syndicate structure.

The logic behind these businesses is not necessarily to profit by winning races. The really big money is made in breeding. A yearling which has proved itself in a racing season can then be sent off to stud, with hopeful owners paying *£3,000 to £40,000, and more, to* get their brood mare "covered." When you calculate that, on average, a commercial stallion covers at least 40 mares a year, the figures are staggering.

However, the costs of keeping and training a thoroughbred are equally staggering, and probably out of the reach of the ordinary investor. So there are, basically, two options for the racing fanatic who wants to join the inner circle of syndicates and companies.

The difference is an important one. Syndicates are limited by Jockey Club rules to no more than 12 people, and are an expensive business. The average cost of training and maintaining a thoroughbred is about £12,000 a year. But add to that the thousands necessary to buy the horse, and the costs shoot up.

Companies, on the other hand, try to alleviate this with a one-off payment in return for a share in a string of horses. The drawback, if a shareholder looks at it that way, is that you could be just one of thousands of part-owners. Hardly the route to rubbing shoulders with the racing elite.

Both ideas have, however, become big business over the past 10 years. Jockey Club figures show that in 1988 there were 153 syndicates and 227 companies in existence; the number of companies was up by 43 per cent on the previous year.

Given the fact that about 95 per cent of all horses in training never recoup their costs, shared ownership seems a good idea. Trainers get the money up front and the ordinary punter has the incentive of feeling he is on the inside.

It is a risky investment, since the industry has never been *renowned for profitability*. In Ireland and the UK this is acknowledged even by the tax authorities, which consider owning and racing horses to be a hobby and, thus, not a taxable activity. Further, they hold that even if racing was treated as *taxable*, the losses generally would exceed any profits.

The Irish law goes further and states that breeding is also non-taxable. So it is not surprising that Classic Thoroughbreds, one of the biggest companies of its kind in Europe – some say the world – is based in Ireland.

Classic is different from most other companies in that it is listed on the London and Irish stock markets. It was floated on the Irish Stock Exchange in 1987 and its board of directors includes some well-known names: Dr Michael Smurfit, head of the paper and packaging group; Robert Sangster, the pools heir; John Magnier, an Irish senator and director of the Irish Racing Board; and trainer Vincent O'Brien, who has diverse interests in the bloodstock industry.

Classic is a big-money company. In June 1987, it raised Ir£10m (£8.4m) io equity finance with the promoters and leading Dublin institutions. Of that, shares worth Ir£2m were offered to the public. In June 1988, the company raised a further Ir£5m via a rights issue.

This should be the crucial year for Classic since, according to its stockbroker, NCB: "The payoff is at the two-year stage when you syndicate your horses as stallions or sell them off as brood mares."

Classic concentrates on the commercial side of share ownership. Other companies, however, offer a wide range of services and resemble more of a social cloh than a business. But they must still abide by Jockey Club rules which state that all companies must be PLCs and thus also subject to company law.

The rambunctions Colin Tinkler heads Full Circle, one of the most successful of the club/companies with a turnover of about £1m a year. For a *subscription of £450*, the 2,000 investors take a share in 30 horses and have access to Tinkler's entertaining hotline, giving racing tips and progress reports on the horses. Dances and stable visits are also arranged. The company opens subscriptions every November; after a year it is wound up, the horses are sold and the remaining assets distribnted among shareholders.

If you are looking for a large return on your £450, then this is the wrong placa. Tinkler admits that money is not the reason people invest in his company. "They only invest in pleasure. It's like joining a golf club or going on holidays. At the end of the year there is something back, but it is only a percentage of what investors pnt in." The highest dividend Full Circla has ever paid is £100.

Tinkler estimates that one in every 10 Full Circle horses wins something, and this year *his company has registered* a winner a week. But his success comes from aiming at what he calls winnable races. "There's not a cat in hell's chance that your £450 would buy a Derby winner," he says.

David Meilton, a regular investor in bloodstock companies and syndicates, says: "You can't get into racing normally without big resources, so for enthusiasts this way is a bargain." You get most of the benefits and none of the worries.

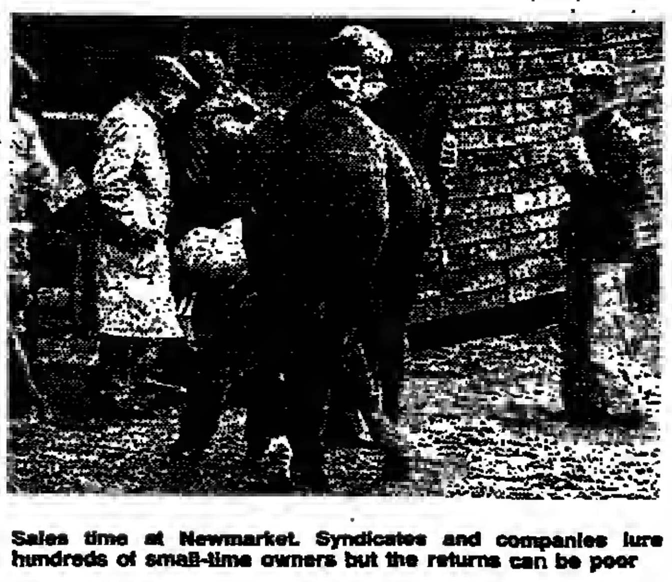
British Thoroughbred Racing and Breeding – along with Tinkler, a pioneer in public limited company ownership – also emphasises the social side of the business. Bnt it also claims to be the only fully-integrated company in tha UK, dealing in racing, ownership, training and breeding as well as the club, entertainment, and telephone services.

Unlike Full Circle, BTRB does not liquidate at the end of every year and shares sell at £1 each – a price unchanged since the first issue in 1983. BTRB also runs a club; the membership fee is £120, or £75 if you have at least 200 shares in the company.

One of the company's biggest money-spinners has proved to be its telephone services, with a remarkable record of tipping winners. BTRB employs a team of four to study the daily form and provide information for 13 telephone lines. It was due largely to the success of the telephone services that BTRB was able to report its first pre-tax profit for 1987.

Again, there is no dividend for the investor beyond sheer enjoyment. Investors, says Anthony Greayer, the finance director, pay their money to have a closer involvement in the racing industry. "They want to see *their* horses run in *their* colours."

Given the somewhat meagre returns of most of these companies, it seems strange that the punters continue to pay out their money. But as Tinkler puts it, succinctly: "It's all to do with fun. When God invented sex, I'm sure he didn't think it would catch on the way it did!"



Sales time at Newmarket. Syndicates and companies lure hundreds of small-time owners but the returns can be poor

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.68	monthly	1	-	0-7
High interest cheque	7.60	7.90	6.32	monthly	1	1,000-4,999	0
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0
High interest cheque	8.40	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	5.00	5.09	4.07	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.05	9.25	7.40	half yearly	1	500-9,999	90
90-day	9.50	9.73	7.78	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.75	8.06	6.45	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.09	7.28	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue	7.50	7.50	7.50	not applic.	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applic.	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	9.31	8.70	7.76	monthly	1	2,500	0
Provincial Bank	9.60	10.00	8.00	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
5pc Treasury 1986-89	10.29	9.07	8.23	half yearly	4	-	0
8pc Treasury 1992	10.79	8.70	7.44	half yearly	4	-	0
10.25pc Exchequer 1995	10.29	7.73	6.19	half yearly	4	-	0
3pc Treasury 1990	9.59	8.80	8.32	half yearly	4	-	0
3pc Treasury 1992	8.84	8.01	7.51	half yearly	4	-	0
Index-linked 2pc1992§§	8.36	7.85	7.54	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day: immediate access for balances over £5,000.‡ Special facility for extra £5,000 §Source: Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Suffering from caution

Mercury: strong and weak performers

Offer-to-bid income reinvested. Years to 1.2.89

	1 YEAR	2 YEARS	3 YEARS	5 YEARS	7 YEARS
General	10.4 (43/104)	19.7 (30/97)	21.5 (30/90)	160.7 (8/73)	318.2 (20/65)
Recovery	4.9 (102/170)	19.1 (53/133)	78.3 (32/114)	201.8 (14/89)	476.7 (6/69)
Int'l	9.7 (86/156)	0.1 (47/120)	41.4 (28/96)	87.2 (16/71)	208.7 (19/56)
Amer.Gth.	12.0 (47/118)	-8.1 (13/105)	8.7 (18/89)	46.9 (7/56)	–
Income	4.8 (93/122)	20.7 79/109)	69.3 (60/97)	163.9 (37/66)	–
Eur.Gth.	11.8 (21/99)	-19.1 (49/82)	15.9 (35/53)	138.4 (4/15)	–
Japan	1.9 (60/61)	-2.7 (58/59)	86.7 (38/51)	176.7 (8/29)	–

(Bracket figures show sector ranking/total funds in sector) Source: Finstat

MERCURY, Britain's 10th-largest unit trust group, is also one of the industry's blue chip names with a reputation for coosistent long-term growth. However, performance figures during recent years suggest the group could have lost its way a bit.

Mercury has 10 unit trusts with more than a ona-year record. But, as the accompanying table reveals, only four show above-average performance over most periods.

James Dawnay, chairman of Mercury Unit Trust Managers, does not believe this constitutes a performance problem. Funds which are not top performers over a year or so do not bother them. Long-term performance is their main concern.

Even so, the Income trust has been towards the bottom of its sector over periods up to five years and the European Growth and Japan trusts, with good five-year figures, are down over one, two and three years.

Dawnay agrees that the group's post-crash investment stance is one of the areas with which he has been less satisfied. "Coming into the crash, we were pretty liquid and cautious. We have suffered because we went on being cautious longer than others. One thing nobody expected in 1988 was a slow drift back into a bull market," he said.

The Mercury investment philosophy depends on taking a firm view on asset allocation and sticking with it – a strong discipline and one which can be successful provided you get the allocations right in the first place.

The group likes to run concentrated portfolios with a small number of well-researched shares, and personal contact with the companies concerned where possible.

Fund managers will take large positions, quite often in smaller companies, on an 18-month to two-year view. The emphasis is oo value rather than "mega-multiples" and the group is not afraid of taking a stance contrary to the rest of the market. It might also be aggressive (by UK standards) when it comes to liquidity, going up to 20 per cent "without fussing."

Mercury has not favoured the specialist fuod route. Accordingly, two of its most reliable performers have been generalist funds: the General and International trusts. The Recovery trust has been a strong performer in the past, although it is down over one year.

Among specialist overseas fuods, Americao Growth has done very well and is responsible for three of the five top quartile returns.

But performance in the other main markets, Japan and Europe have been disappointing. In particular, the poor Japanese results are ironic, given the group's commitment to its Tokyo operation. More than 20 of Mercury's 120 fund managers are based there. Three new managers will be joining the Japan team in a month or so, including one for the Japan unit trust.

Dawnay is blunt about the group's underperformance in this importaot market: "Our stock selection and asset management simply weren't good enough."

In case investors are worried, he cites the group's strong incentive to succeed. "Japan is our biggest area of business opportunity. We have to perform there. We simply can't allow a short-term problem in performance to turn into a long-term problem."

A similar argument is confidently offered on the performance issue in general. "Where we have performance problems, they should be viewed as recovery situations because we are going to solve them," says Dawnay.

Unit trusts, even with a total of £1.2bn. in funds, are quite a small proportion of Mercury's total £18bn under management. But they are the shop wiodow funds by which the public judges the group.

"Performance is the beginning and end of everything. Our performance appears on half a million breakfast tables each morning," Dawnay admits. So, it is a priority to repair any dent in the unit trust performance.

Christine Stopp

FINANCE & THE FAMILY

Clive Wolman examines the implications for the savings media of the tax changes announced in the Chancellor's 1989 Budget

Investors need to think again

INVESTORS AND mortgagors seeking the most tax-efficient vehicle through which to build up a managed portfolio of shares and bonds will have to re-work their calculations as a result of the Budget changes. With the aim of creating more of a level playing field between different savings media, the Chancellor has altered the tax regime once again for life insurance, pension plans, unit trusts, investment trusts and personal equity plans. For life insurance and pension plans, the effects of the changes are mixed, while for the other three media they are favourable.

The tax benefits of pension plans remain far superior to those of any of the other media, but pensions can be considered as an alternative only for people willing to tie up their savings for long periods. On the other hand, the strict new limits on the maximum tax-privileged pension that can be paid out to £40,000 a year means that wealthier investors will seek to boost their post-retirement living standards by using the other investment vehicles.

The abolition of tax relief on life assurance premiums in 1984 put the tax treatment of new policies on an approximately equal footing with unit trust investment. Capital gains within life funds were subject to tax at a 30 per cent rate, whereas unit trust investors become liable to capital gains tax only when they cash in their investments - and it can normally be avoided altogether by the judicious use of their annual exemption.

However, the CGT bills of life companies have always been tiny because they have tended to sell shares showing capital losses or only modest gains. Thus, the cut in the rate of CGT on life companies from 30 to 25 per cent will have only a small effect on returns, although it will allow the companies to release some of the reserves they keep for future CGT payments as bonuses for policy-holders.

The corporation tax rate that applies to income accruing to the life fund is being cut from 35 to 25 per cent. But this, too, will affect only the tax on the

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interest that life companies receive, as dividends on UK shares are subject to the 25 per cent rate already. The more important change, however, is that life companies will no longer be able to offset their marketing and sales expenses against this tax in the year in which they are incurred. They will have to spread them over seven years.

Because these expenses are so large, the tax saving traditionally has been substantial. The tax loss will also be substantial – enough to wipe out the other gains. In addition, life companies will have less scope for cross-subsidising their policy-holders at the expense of their pension funds, as some are suspected of doing, because stricter segregation is to be imposed by the Inland Revenue. Overall, it expects to increase its tax yield from the life companies, which means mainly from their policy-holders, by about 7 per cent.

The relative attractions of unit trust investment have been enhanced, particularly for gilt-edged funds and those investing in higher yielding overseas shares, by the cut in the rate of their corporation tax from 35 to 25 per cent. Dividends from UK shares were already subject to the 25 per cent rate. Unit trusts have not traditionally offset their marketing and sales costs against their income for tax purposes. The effect of the Budget will be to reduce the tax handicap relative to life companies that they suffer as a result of this practice.

Why don't life companies hold their equity portfolios through a captive unit trust so that they, too, can reap the same tax advantage? At present they can, and a few do. But the Revenue has suggested that it might stop this practice next year.

Investment trusts specialising in overseas markets will now have a small disadvantage relative to unit trusts because their income from overseas dividends, bonds and deposits will continue to be subject to a 35 per cent rate. But such a disadvantage is more than offset by their much lower management charges.

The fifth savings vehicle, which has been resuscitated by the Budget, is personal equity plans. The tax advantages conferred on these are much greater than any direct holdings of unit trusts, investment trusts or investment-orientated life insurance policies.

Investments in unit trusts and investment trusts, up to the maximum allowed from April 6 of £2,400 a year, should be invested through PEPs as this will allow the investor to realise capital gains free of tax. Even more attractive, the PEP manager can reclaim on behalf of the investor the 25 per cent tax withheld by companies when they pay their dividends.

The maximum total investment in PEPs is now set at £4,800 a year. By letting a fund manager choose the portfolio of shares, you get the advantages of a unit trust and gain additional tax advantages. The only drawback is that you are limited to UK equities.

Thus, the message of the Budget is to put whatever savings you are prepared to tie up until the age of 60 into a pension plan, then invest the next £4,800 of savings per year in a PEP. Only then is it worth considering straightforward investment in unit trusts or investment trusts. Life insurance comes at the bottom of the pack because of the unfavourable tax treatment and the high management expenses.

Diary of a Private Investor

Changes boost PEP appeal

IT WILL SOON be time to start a boring chore of completing the capital gains section of my 1988-89 tax return.

This will be less "exciting" than the previous year as the Chancellor's reduction of the exemption limit from £6,600 in 1987-88 to £5,000, and his imposition of tax at marginal income-tax rates, rather than at 30 per cent, made me lose some of my enthusiasm for quick "in and out" deals.

It also deterred me from cashing-in some of my more profitable share purchases, in the hope that the Chancellor would improve the tax position for private investors in his recent Budget. Sadly, the £5,000 exemption limit and the marginal tax rates on capital gains were unchanged.

Thus, this year's tax return will look fairly dull.

Our individual losses on share deals have been modest. I have again looked at our portfolios to see if there were any shareholdings which we might "bed and breakfast" (sell and then buy back again) to establish a loss to offset against some of our gains. Amazingly, we do not have any.

This is due partly to preferring to put our more speculative investments into our personal equity plans. This has not always been profitable. For example, my 1986 PEP purchase of De La Rue shares at 393p each looks pretty dreadful now.

On the other hand, my 1987 PEP purchase of Joseph Webb shares for 29.5p each has been rather good. I accepted the Mowat group's takeover offer in November last year for my Webb shares. The mixture of Mowat shares and cash was equivalent to a price of around 68.9p a share.

My wife's 1988 PEP holding in Celestion Industries (purchased at 30p a share) has also more than doubled in value since a group of City-based investors acquired a 29.9 per cent share stake and a new chief executive was appointed.

I applaud the Chancellor's latest Budget plans for PEPs. The increase in the annual investment limit from £3,000 to £4,800 (from April 6 this year), and the removal of many of the previous restrictions on PEP investments, has increased still further their attraction as a tax-free vehicle for holding shares of a more speculative nature.

around in the 1970s. Some share prices have increased by well over 1,000 per cent since then. All of that profit would have been tax-free with a PEP. My wife and I will certainly be continuing with PEP investments.

I am also pleased that the Chancellor has increased the annual PEP holding limit in investment trusts to £2,400. Hopefully, this will make many more people aware of the attractions of investment trusts, as many of these have assets that are worth considerably more than their present market capitalisations.

One of my own more recent, non-PEP investments (on the recommendation of my broker) has been in the capital shares of the Scottish National Investment Trust. The shares cost me 26p each on January 6 this year — and have risen recently to 50p.

Thus, as the tax year draws to a close, I look forward with hope to greater PEP gains next year. I also hope that in next year's Budget the Chancellor will abolish the indexation allowances for capital gains.

There should be a much simpler system based on how long an investment has been held: perhaps 40 per cent tax on gains from shares held for less than one year; 30 per cent on gains from shares held for two years; and so on, down to a nil rate on gains from shares held for five years or more.

However I still remain rather cautious about the present state of the market.

Kevin Goldstein-Jackson

ESOPs — now the way opens

THE BUDGET proposals for employee share ownership are designed to produce significant numbers of shareholders among rank-and-file workers. The Government obviously feels that the preponderance of schemes for directors and executives has gone too far.

Whether there will now be a perceptible shift towards company-wide schemes could well be determined by industry's response to the introduction of qualifying employee share ownership plans (ESOPs).

An ESOP is a trust set up by a company for the benefit of its work-force. The ESOP buys shares in the company, usually making use of external borrowings.

The ESOP distributes its shares to employees and might also act as a market-maker, buying in shares from departing staff and transferring to new recruits.

This concept has been developed in the US where ESOPs enjoy a galaxy of tax privileges. By contrast, until Budget day ESOPs had no official status whatsoever in Britain.

The lack of any specific tax reliefs has meant considerable uncertainty for the handful of British companies which have put a toe into the ESOP water. The most intractable question was whether payments to such a trust were deductible from a company's profits for corporation tax purposes.

The Chancellor has now resolved this particular conundrum — at least for those companies able to satisfy his rather stringent conditions. All corporate payments made to a qualifying ESOP after Royal assent to the Finance Bill will be fully tax-deductible.

An ESOP will qualify only if it meets the following minimum conditions (there may be more in the Finance Bill):

■ All the company's employees must benefit on similar terms and no outsider may benefit.

■ Shares acquired by the ESOP must be distributed to employees within a seven-year period.

■ The trustees must be independent of the company and its major shareholders.

The sole pay-off for complying with these guidelines will be deductibility for company payments. The lack of any other tax breaks puts British ESOPs in a markedly less favourable tax position than their US counterparts, or even UK profit-sharing schemes.

The latter were introduced in 1978 and must satisfy detailed statutory conditions to obtain Inland Revenue approval, which is the key to privileged tax status. Like ESOPs, these schemes are centred on a trust which buys shares with company funds and then siphons them out to the employees.

Part-timers and those who have not completed a qualifying period of up to five years' service can be excluded, but all other employees must be offered shares.

Apart from the fact that corporate donations to these schemes are also tax-deductible, they enjoy other reliefs which ESOPs have been denied. Most importantly, shares received from a profit-sharing scheme are tax-free provided the employee retains them for at least five years.

For example, if an employee is given shares by an ESOP, he will be taxed on their full value at his marginal income tax rate. In addition, the trust itself is exempt from both income tax and capital gains tax, whereas ESOPs will be liable for both these charges.

If this fiscal comparison was the full story, then Lawson's ESOP experiment would obviously be doomed. But ESOPs will offer considerably greater flexibility than profit-sharing schemes, and this might tempt some companies which have shunned the profit-sharing legislation to put their faith in the Chancellor's new creation.

First, any number of shares can be dealt with by an ESOP whereas strict limits apply to profit-sharing participants. The annual limit is 10 per cent of an individual's salary or, if greater, £1,250 rising to £2,000 from April 6. There is also a ceiling for top earners of £5,000 which is being lifted to £6,000.

Second, whereas an ESOP can borrow money from anyone prepared to lend, the profit-sharing scheme can look for funds only to its sponsoring company. The ability to tap external funding sources is likely to prove a key attraction for companies contemplating ESOP arrangements.

Finally, the seven-year period for which ESOP trustees can defer distributing shares to employees compares very favourably with the 18-month deadline for profit-sharing schemes.

In practice, it seems likely that most ESOPs will run in tandem with a profit-sharing scheme. If an ESOP buys shares and then passes them on to a profit-sharing scheme, which in turn transfers to the employees, it should be possible to combine the tax advantages of profit-sharing with the funding and timing flexibility of an ESOP.

The only tax-effective alternative will be for the ESOP shares to be distributed under an approved savings-related share option scheme (these schemes were also given a boost in the Budget). The maximum option which can be granted to a single employee has effectively been increased from £9,333 to £15,750.

The key question overhanging the development of ESOPs is whether companies and their shareholders are prepared to scatter shares company-wide. The low take-up of the existing all-employee schemes suggests a lukewarm response, particularly in family-controlled private companies where share incentives have usually restricted to a few top executives. But ESOPs should certainly come into their own when companies are undergoing a change of control, especially in management buy-outs.

At the same time, there could be quite a future for "non-qualifying" ESOPs. A growing number of companies are becoming convinced of the commercial advantages of ESOPs, for example as a market-maker or as the purchaser of a sensitive shareholding. Far fewer may be convinced that the tax incentive to become a qualifying ESOP is sufficient to compensate for the complete loss of flexibility.

David Cohen

□ *David Cohen is a partner in the London law firm of Paisner & Co.*

CGT loophole plugged

THE DECISION in the Budget to tax offshore umbrella funds in the same way as their onshore rivals means the end of a useful capital gains tax loophole for private investors.

The development of umbrella funds has taken place almost entirely offshore ever since the Inland Revenue won a High Court ruling, against the Arbuthnot group, that switching between sub-funds under an "umbrella" did count as a transaction that was liable to capital gains tax. In spite of being restricted offshore, umbrella funds have become big business and threatened to grow very much larger, especially since the new Financial Services Act allowed properly-regulated offshore funds to sell in Britain on an equal basis with domestic funds, which suffered a tax disadvantage.

The question was whether the Chancellor would penalise the offshore funds or extend the tax concession on switches to their onshore equivalents. He decided, not surprisingly, to hit the offshore funds. Those with distributor status, will now be liable to capital gains tax on any switches made between sub-funds, while switches in non-distributor funds will be subject to income tax.

One of the best-known funds affected is Gartmore's Jersey-based Capital Strategy. It has $300m under management and is one of the largest of the two dozen or so funds operating from locations such as the Channel Islands, Isle of Man and Luxembourg. Peter Pearson Lund, managing director of Gartmore Unit Trusts, describes the Chancellor's decision to apply CGT to umbrella sub-fund switches as "a blow." But he maintains that the tax loophole was the icing on the cake rather than the *raison d'etre* for investing.

Pearson Lund says UK investors bought into umbrella funds for reasons of flexibility and low switching charges — not because of the tax loophole. He does concede, however that Gartmore will probably step up its international marketing plans.

Guinness Flight runs two Guernsey-based umbrella funds with a total of $450m under management. Howard Flight, joint managing director, blames the tax change on lobbying of the Revenue by a "rather mean-minded Unit Trust Association."

He claims the move is entirely in the wrong direction and argues that the Chancellor should have extended the idea of rollover relief to all risk investments, so that CGT would become payable not on switching but when investments are realised for cash. Flight says he will be surprised if the tax change has any material business impact but deplores the move for being "terribly regressive as a point of principle."

In Jersey, where several umbrella funds are located, the Fund Managers Association conceded, somewhat euphemistically, that it was "not outstandingly good news." That, though, is not the view of Bill Stuttaford, chairman of the UTA. He welcomed the ending of an anomaly.

The move has also been welcomed by those fund management groups which have held back from joining the umbrella trend, although there have been times when they must have wondered if they were acting in Canute-like fashion. GT, which is one of the better-known non-members of the umbrella fund fan club, says it doesn't want to sound "too smug" but feels the change was bound to happen some time.

Likewise, Prolific's Martin Harrison believes individual funds provide investors with greater freedom to choose specific fund managers, and expects to see "the pendulum swing strongly" among investors who have used umbrella funds just for tax reasons.

Even though the Chancellor's move on umbrella funds was expected by many, the timing of its implementation gave no scope for a swift rearrangement of investment priorities. Lawson made no mention of this proposal during his Budget proposal. News of the change was revealed only after he had sat down, whereupon the Revenue announced that the new tax applied with immediate effect.

Less controversially, the Chancellor has given a corporation tax boost to certain UK unit trusts. It will have the effect of increasing yields on those funds which specialise in overseas bonds and other fixed interest securities.

Until now, authorised unit trusts have had to pay corporation tax of 35 per cent on this unfranked income (where no other tax has been deducted at source), but unit-holders have received a credit of only 25 per cent (the basic rate) on distributed income. The fund, thereby effectively losing 10 per cent.

From January 1990, unit trusts will pay corporation tax at a rate equal to the basic rate of income tax, so removing the previous tax disadvantage for unit-holders. Tony Doggart, of Save & Prosper, says the change means unit-holders in UK funds will no longer lose out.

The move also opens up the possibility of a new generation of overseas bond funds specialising in previously untapped areas such as Eurobonds and junk bonds. The change applies to unit trusts which will become marketable freely within the European Community, and will enable them to compete more effectively with their European counterparts.

Peter Gartland

□ *Peter Gartland is editor of The International, the FT's magazine for expatriates.*

Many questions

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the replies given in these columns. All inquiries will be answered by post as soon as possible.

I HAVE thought up an idea for a television quiz show, which I believe is fairly original. Could you please give me some information as to how I should protect my interests (perhaps by copyright or patent etc)? Also, should I engage a solicitor or agent to represent me?

■ You would be wise to consult a solicitor specialising in intellectual property law, as it is probable that your idea will require protection in spheres that go beyond straightforward copyright.

Squatter's rights

IN 1964, we moved with my wife's family, the property being a long wedge of land along a main road registered as a 3.25-acre smallholding, with the bungalow on the deepest part of the wedge. The bungalow, with 125 ft frontage, was purchased in my wife's and my name, with the remaining land bought by my wife's mother. In 1965, my wife's sister left our home as her fiancee won the pools. My wife's mother also left to housekeep for the sister.

Since 1965, we have used the land for goats, pigs and cattle continuously. We have been advised that as we have never paid any rent or been asked for any, and have continuously grazed and made use of the land, including upkeep of the fences and laying of the hedge, for over 13 years, that we can now claim the land as ours? Is this correct?

My wife's mother, now in different circumstances, wishes to sell the land but, regrettably, has not offered it to us. Do we have any first claim on the sale?

■ You might be able to claim ownership under what is often called a squatter's title (ie, by adverse possession of it for over 12 years). The Limitation Act 1980 extinguishes the title of the previous owner in such a case. However, you might encounter some difficulty if your mother-in-law claims that she permitted you to use the land, thus creating a licence which would undermine the concept of adverse possession. You would be wise to consult a solicitor.

Neighbour objects

MY NEIGHBOUR has built a house at the end of his garden about 10 yards from a manure heap adjacent to my stables, which are over 100 years old. The manure heap was there long before he built the house. The manure is cleared at least twice a year but my neighbour wants me to find another place for the heap because of the smell.

■ Your neighbour cannot insist that you move the manure heap unless it is so unpleasant that it constitutes a nuisance. In the context of land where there are stables, it is not very likely that there will be sufficient discomfort caused by the smell to constitute common-law nuisance. However, if there were, the mere fact that your neighbour built his house where it is after the manure heap had become established would not prevent there being an actionable nuisance.

Franchise 'fraud'

A COLLEAGUE and I, both ex-franchisees, feel the advertising which led us into the franchise operation was misleading and, in some cases, dishonest. My colleague has discussed this with a friend in the CID, who says there is a case which the police would pursue if we will produce all the evidence.

What I am uncertain of is this: would it be better for we ex-franchisees to wait until the CID has promoted a successful case against the franchisors before taking action to claim damages and/or restitution of moneys lost?

■ You might well be wise to commence civil proceedings before learning of the result of the criminal proceedings, even though the civil case might not be brought to trial until after the criminal trial. It depends on the precise nature of the circumstances which give rise to the claim. You should consult a solicitor.

MINDING YOUR OWN BUSINESS

Hobby-horse that came up roses

Roy Hodson meets an entrepreneur who turned a passion for gardening into a profitable way of life

RUNNING a garden centre is high on the list of the activities that British wage slaves would like to be doing instead of spending five days a week in an office.

An example they might usefully follow is that of Barrie Tyler, aged 51, who moved from financial management to start a garden centre 11 years ago. He is now doing it so efficiently that he is being paid as a consultant by the Horticultural Trade Association.

He takes hard-won days away from his business, the Burston-Tyler garden centre outside St Albans, to lecture to garden centre operators and nurserymen, advising them on how to improve their trading and management and how to measure their performance by making comparisons with other businesses.

Tyler has impeccable credentials for his teaching mission. He founded his own garden centre on land belonging to the farm of Burston Manor (a farm which was in the Domesday Book) by putting up a small building in a field with his own hands.

It was a highly profitable business almost from the first day's trading and has since enjoyed the geographical benefit of being sited ideally to serve what Tyler calls "a golden crescent of small gardeners" in the suburbs north and west of London.

Today, the centre is producing a cash surplus of about £300,000 a year for Tyler, his wife, and two other sleeping partners, on a turnover of £1.1m. He has not needed to borrow any money for years.

Tyler's management style has proved, among other things, that a properly run garden centre does not have to sprawl across a lot of land. His business covers just three acres, and perhaps his greatest delight these days is squeezing more efficiency from the limited site. He has an eagle eye for such details as display shelving being at the right height, and he monitors his sales per square foot of premises on a daily basis.

Tyler warns his audiences in the garden centre trade against allowing a love for gardening to distort sound commercial policies in the running of their businesses.

Certainly, he follows his own advice to the letter. Nothing is grown at the Burston-Tyler centre, and 20 per cent of the plants are bought from Holland because, "unbelievably" he says, "the Dutch can deliver more quickly than English nurseries."

He expects his suppliers to match his own standards of business efficiency. A number of them have smarted from receiving a green postcard from the Burston-Tyler Garden Centre rating their perceived efficiency on a scale of four: (1) Very efficient, (2) average, (3) poor, and (4) "You are driving us mad."

Tyler's ideal is to see plants shifted in and out of his centre as rapidly as possible. He turns over his entire stock regularly eight times a year, far better than most centres.

In spite of Tyler's ruthlessly clinical approach, it is interesting to discover that, before starting the centre, he was a passionate amateur gardener. By his late 30s, he was also managing director of a finance house, Farming and Agricultural Finance in London's Knightsbridge, following an early career in retail banking.

He looked towards a garden centre business as the vehicle to "do his own thing" using both his gardening knowledge and his financial expertise.

Tyler began by mortgaging his house to secure some clearing bank finance and opened on a site in High Wycombe. He quickly realised that it was too small and moved to his present site, which was then a ploughed field.

The overdraft was paid off after the first 18 months of trading and the business has been in credit ever since — so much so that, a few years ago, Tyler decided he was paying his then-bankers too much for clearing the centre's cheques and looking after his credit balance. He went to the Allied Irish Bank and won a deal whereby it would handle all his banking, irrespective of volume, for a fixed annual charge and pay interest on the centre's current account.

Garden centres usually do about 70 per cent of their turnover in March, April, May and June. Catering for that pattern of trade, Tyler has achieved between 12 and 15 per cent annual growth regularly during the past 10 years. Last year was, he admits, an exceptionally good one when the centre notched up a 25.5 per cent increase in sales. He believes the public will be harder to part from its money in the year or so ahead.

Meanwhile, his impressive record of achieving growth did not stop him from deciding to make a fundamental switch in his marketing strategy at a time when things appeared to be going well. "I used to think that diversification was the thing to do in running this business. But I changed my policy. Now, we specialise in roses and conifers. The growth rate has been even better since making that decision."

□ *Burston – Tyler Rose and Garden Centre, North Orbital Road, St. Albans, Hertfordshire, AL2 2DS (tel. 0727-32444).*

Barrie Tyler: found a growth industry in the gardening field

Michael Pearce: a watchful eye on the foreign currency markets

A money maze guide

MICHAEL Pearce, aged 37, a life-long money broker, has achieved the dream of many a City professional.

Instead of enduring the stews of London EC4, he is now to be found most days working in his comfortable farmhouse home, looking out over his lawn next to the church in the delightful village of Aldbury, Hertfordshire. At his elbow are the tools of his trade — a telephone, a fax machine, a desk-top computer and a Reuters financial information screen.

His wife Alexandra, who also used to work in the City as the personal assistant to a property company chief, has the other desk in their office (a former "granny flat" attached to the house), and is secretary to their fledgling foreign exchange and interest rate advisory service.

From Aldbury, Pearce has, for the past three months, been using his modern communication tools to keep a watchful eye on foreign exchange and interest movements. He advises his growing list of industrial and commercial clients who find themselves exposed uncomfortably to the williwaws that blow through foreign currencies.

Typical of them is a cheese-maker who exports one-third of his production, mostly to Europe, and who, after setting his price list twice a year, is now following Pearce's advice and trading in the European Currency Unit (Ecu).

The cheese-maker borrows Ecus against his anticipated income in European currency over the next half-year. The incoming currencies are sold "spot" and the proceeds used to repay the Ecu loan.

It sounds like a sophisticated practice for a cheese-maker. But the thrust of Pearce's consultancy is that he can provide advice for establishing such tailor-made systems quite cheaply to companies who care to make use of his long experience in the money markets.

"The real point," says Pearce, "is that it allows the cheese-maker to get on with making and selling cheese. Far too many British manufacturers spend far too much of their time worrying about foreign currency problems. They should let experts take the strain for them."

Pearce's ideas for running an independent foreign exchange and interest rate advisory service from a location far removed from the hothouse of the City of London crystallised during a one-year Master of Business Administration course at Cranfield School of Management in 1987 and 1988, when he saw the opportunities that his money market experience had given him.

When he started his new business he invited Adrian Buckley, professor of international finance at Cranfield, to join his board. Meanwhile, Pearce's old boss, Michael Warren, who had been his chairman and chief executive at the money broker M. W. Marshall, became chairman of the new company and took a 20 per cent stake to help capitalise it.

Pearce had worked for M. W. Marshall for 15 years, money-broking in Hong Kong, Singapore and Bahrain before returning for a seven-year stint in London.

At Cranfield, Pearce concluded that there were many companies too small to employ corporate treasurers or financial officers with particular expertise in the money markets, and which could benefit from regular consultancy advice. He targeted companies with turnovers of less than £25m a year and wrote to 45 chairmen suggesting that they use a professional to turn foreign exchange and interest rates to their advantage.

Seven companies took up Pearce's services after the first mail-shot. Since then, he has been achieving a remarkably high response rate of 15 per cent from further approaches to industry and commerce.

Pearce stresses that he is neither a soothsayer nor an economist. What he is offering is his deep knowledge of currency instruments and his close day-to-day monitoring of trends, so that his clients can use the knowledge as another marketing tool. He says: "My job is to protect the industrialist from gambling with his profits on the vagaries of world currencies."

Compared with many professional fee scales, Pearce's foreign exchange and currency advice does not come expensive. He charges companies £1,000 at first to make a study of their businesses, then takes a retainer of £550 a month for an initial period of six months. He expects his turnover in fee income to rise from £40,000 in the first year to about £100,000 in the third year.

The rule of his business is that it will not deal on behalf of clients — only advise them. He will never handle clients' funds. He explains: "Our asset is our independence. We are not trying to make a turn . . ."

□ *Pearce Management Consultants, Church Form House, Aldbury, Tring, Hertfordshire HP23 5RS (tel. 044285-531).*

R. H.

MOTORING

Solid as a tank – but sporty as a hatchback

***Stuart Marshall** tests the world's most expensive off-the-peg estate car and likes what he finds*

THE Mercedes 300TE 4-Matic is the most expensive off-the-peg estate car in the world at a basic £32,800. I would need much persuading that it is not also the best.

Cars are like most other things; you get what you pay for. The 300TE 4-Matic buyer gets a large, four-five seat estate with a three-litre, straight-six engine, superb build quality, and a transmission of unmatched sophistication.

Normally, the engine's 188 horsepower is fed to the rear wheels via a four-speed automatic gearbox with economy and performance settings. Only the rise and fall in the engine's soft hum lets you know when the transmission shifts up and down.

A computer monitors the number of revolutions made by the front and rear wheels every second. If there is a speed differential of 2 kmh (1.5 mph) between them – as there would be when driving on snow, crossing a muddy field or accelerating hard on a wet road – four-wheel drive is engaged. As soon as tyre grip is restored fully, the transmission reverts to rear-wheel drive.

What happens if engaging four-wheel drive isn't enough to match tyre grip to the engine's pulling power? Mercedes has thought of that. First, the centre differential is locked to ensure that if both front and rear wheels are slipping a bit, they are doing so at the same speed. That will maximise traction. If still more is needed, then the rear differential is locked.

As I set off for Geneva earlier this month in the 300TE, I hoped there might have been a foot of snow on the Col de la Givrine (there was last year) to remind me of the 4-Matic's worth. Alas, even the car parks by St Cergue's ski runs were clear and dry. So I had to make do with a sticky, sloping meadow back home. The big Mercedes drove over it as though it were tarmac.

The driver does nothing because 4-Matic is what it says it is – fully automatic. Having tried the system on frozen lakes in Sweden before it went into production, I know that it de-skills winter driving. The idea, says Mercedes-Benz, is not to allow you to drive faster on low friction surfaces like snow and ice, but with a greater margin of safety.

Why not have full-time four-wheel drive? Because it is unnecessary most of the time and puts up fuel consumption a little. As it was, the 300TE averaged 22.43 mpg (12.59 l/100 km) to Geneva and back, cruising at – well, just slightly over – the 81 mph (130 kmh) autoroute limit most of the time.

The Mercedes 300TE 4-Matic: a combination of virtues that no other estate car can touch

It feels as solid as a battle tank but it rushes up winding hills like a sporty hatchback. The ride is excellent, with self-levelling rear suspension to keep things on an even keel regardless of load.

This is important, because the 300TE has a huge, carpeted cargo space with a pair of optional rear-facing seats lifting out of the floor and a roller blind to conceal what you are carrying. An electric motor clamps the tailgate shut. There are fixed roof-rack side-rails and a powered sun-roof designed so well that at 70 mph (110 kmh) I was not blown about and could still listen to the radio.

I did not find the leather-trimmed seats too hard and I think Mercedes must secretly have softened them for present models. Nor, on coarsely surfaced sections of the autoroute, was there much tyre noise.

Mercedes-Benz tradition asserts itself in plain but easily read instruments; a proper clock with hands; a turn indicator switch on the right hand of the steering column; and a power-adjustable mirror only on the nearside. The offside one is altered manually.

Standard equipment on the 300TE 4-Matic includes ABS anti-lock brakes, automatic transmission, power windows and headlamp wash/wipe. If you insist, a five-speed manual gearbox is a no-cost option and you can spend large sums on extras.

Things like alloy wheels, heated and power-adjustable front seats, cruise control, outside temperature gauge and folding rear-facing seats pushed the price of my test car up to £37,474. Adding air-conditioning, a burglar alarm and a radio/cassette player worthy of the car would make the total nearer £40,000.

A lot? Of course it is. But it buys a massive load-carrier that rides like a limousine, handles like a sports saloon and masters any kind of road conditions. It is a combination of virtues no other estate car can touch.

Proton provides an alternative

MALAYSIA hardly springs to mind as a source of new cars but that is where the Proton comes from. It has just been launched in Britain at prices higher than those of the real cheapies from eastern Europe, but costs significantly less than comparable west European or Japanese cars.

This is a commercially sensible move because few potential buyers can have heard of the make and the Proton is, in any case, based on last-generation Mitsubishi technology.

There are 10 models, ranging from a 1.3-litre GL saloon at £5,999 to a 1.5-litre SE Aeroback at £8,299. They are front-wheel driven, all-independently suspended four-door saloons and five-door hatchbacks of roughly Toyota Corolla size.

The importer, Proton Cars UK, says it is convinced no other cars on the British market can match them for build quality, specification and engineering within the price range. There must be something in this. At Britain's motor show last October, where Protons made an advance appearance, they collected two gold medals and one silver award in the coachwork competition.

An Aeroback (pictured) that I tried briefly seemed a pleasant enough car, typically mid-1980s Japanese in appearance, layout and feel. Over 60 per cent of all components are Malaysian.

The launch of the Proton in Britain is said by the importer to be an event of historic significance for Malaysia. Whether it makes much sense in world economic terms for such a country to go into volume car manufacture is not for me to say.

But the Proton's introduction in the UK provides genuine private motorists – people, that is, who buy and run cars out of taxed income – with an alternative to cheap but mainly obsolescent east Europeans or inexpensive EC cars like the Escort 1.3 Popular three-door (£6,398), Rover Group Maestro 1.3L (£7,980), or Seat 1.2 Comfort (£5,949). The South Korean Hyundai Pony five-door (from £6,100) is another rival.

The top-of-the-range Proton SE models are equipped very well with power steering, central locking and electric windows as standard. They can have automatic transmission and air-conditioning for £550 and £750 extra.

The engines run on leaded or unleaded petrol. All Protons sold in Britain have a two-year/50,000-mile parts and labour warranty and two-year free membership of the RAC, including roadside breakdown and recovery service.

As an additional inducement, Proton buyers who are quick off the mark will pay no labour charges for servicing over the first two years/24,000 miles.

S. M.

Driving and surviving

A LARGE public company was spending more than £1m a year on repairing accident damage to its car fleet. A year later, the bill had been halved and is still falling. The cost saving had nothing to do with the cars themselves or repair techniques: it was all down to driver education.

Teaching company car-users to be better, safer and, for their employers, more cost-effective drivers has become a flourishing business.

One of the firms in the field is Drive and Survive UK. I spent a day with a director, Paul Catlin, who told me: "The first thing we have to do is not teach people to drive but to change their attitude toward driving."

The basics of better driving are simple – such as keeping your distance; positioning your car on the road so your intentions are clear to others; and looking as far ahead as possible, not just at the back of the car immediately in front of you. "The brain is a human computer. Give it the maximum amount of information and it will make the right decision," says Catlin who, like most advanced driving instructors, is a former policeman.

This means keeping the vanishing point – the spot at which the road disappears around a bend or over a hilltop – as far away as you can. On the approach to a right-hand bend, you move close to the nearside kerb. And for a left-hander, toward the centre of the road.

"When the vanishing point gets nearer, ease your foot off the accelerator; when it gets further away, squeeze the pedal down," Catlin advises.

Isn't all this obvious? Certainly it is. But how many of us put good driving techniques into practice? The answer has to be, all too few.

The modern car is a marvel of technology with standards of steering response, braking, handling and road-holding streets ahead of those of a few years ago. None of which means a thing if the driver is aggressive, careless, unobservant or impatient.

This is where organisations like Drive and Survive come in. They save companies a great deal of money and, much more importantly, help to reduce death and injury on the roads.

Out of about 27m people in Britain who hold driving licences, only 1 per cent is reckoned to have had any kind of advanced driving instruction. That will come as no surprise to any caring and responsible driver who uses the M25 regularly. Organisations like Drive and Survive are probably the best hope we have of reducing road casualties in the future.

☐ *Drive and Survive: details c/- Ford Motor Sport Division, Boreham, nr Colchester, Essex, CM3 3BG (tel. 0836-529-430).*

S. M.

Bridge

TERENCE Reese and David Bird, who have given us so much pleasure with their tales of the bridge-playing monks of St Titus, have recently produced *Tricks of the Trade* (Gollancz, £8.95) and I recommend it to all my readers. It deals with unusual situations that are blind spots to the average player. Let us look at Ruff Timing:

	N	
	♠ Q J 10 9 ♥ K Q J 2 ♦ A K 5 3 ♣ 4	
W ♠ 8 6 4 3 ♥ 8 4 ♦ 10 6 ♣ K 10 7 5 3		E ♠ 5 ♥ 10 7 6 5 ♦ Q 8 4 2 ♣ Q 9 6
	S ♠ A K 7 2 ♥ A 9 3 ♦ J 7 ♣ A J 8 2	

With East-West game, South dealt and bid one no-trump. North replied with Stayman two clubs and South rebid two spades. Now North bid four clubs – Gerber for aces – and South's four no-trumps showed three aces. North followed with five no-trumps – the grand slam force – and South, with two of the three top honours, went seven spades.

West led the three of spades, taken by the nine. The declarer started correctly by cashing dummy's two top diamonds, and ruffed a diamond in hand with the spade king. He crossed to the 10 of spades and ruffed another diamond high, then tried to reach dummy with a heart. Disaster. West, who had thrown two hearts on the diamonds, ruffed.

South's timing was wrong. After ruffing the first diamond, he should cross to dummy with a heart. He ruffs the second diamond high, crosses to the table with a trump, draws West's teeth and the grand slam is delivered.

A heart lead contained an element of risk; therefore, it must be played early rather than late. Crossing to dummy with a trump in a reverse dummy play is so common that South played automatically, without sufficient examination of the position.

When a defender holds four trumps, he will lead his strongest suit, hoping to undermine the declarer's trump fortress. It needs careful play by the declarer to avoid defeat. Look at Trump Control:

	N	
	♠ J 10 8 2 ♥ 1 4 3 ♦ A K Q J 7 ♣ A	
W ♠ K 7 5 4 ♥ A K 6 2 ♦ 10 ♣ 10 6 4 2		E ♠ 6 ♥ Q 9 8 7 ♦ 9 8 6 5 ♣ 9 5 5 3
	S ♠ A Q 9 3 ♥ 10 5 ♦ 4 3 2 ♣ K Q 8 7	

At game all, North dealt and opened with one diamond. South replied with a spade, North raised to three spades and South went four.

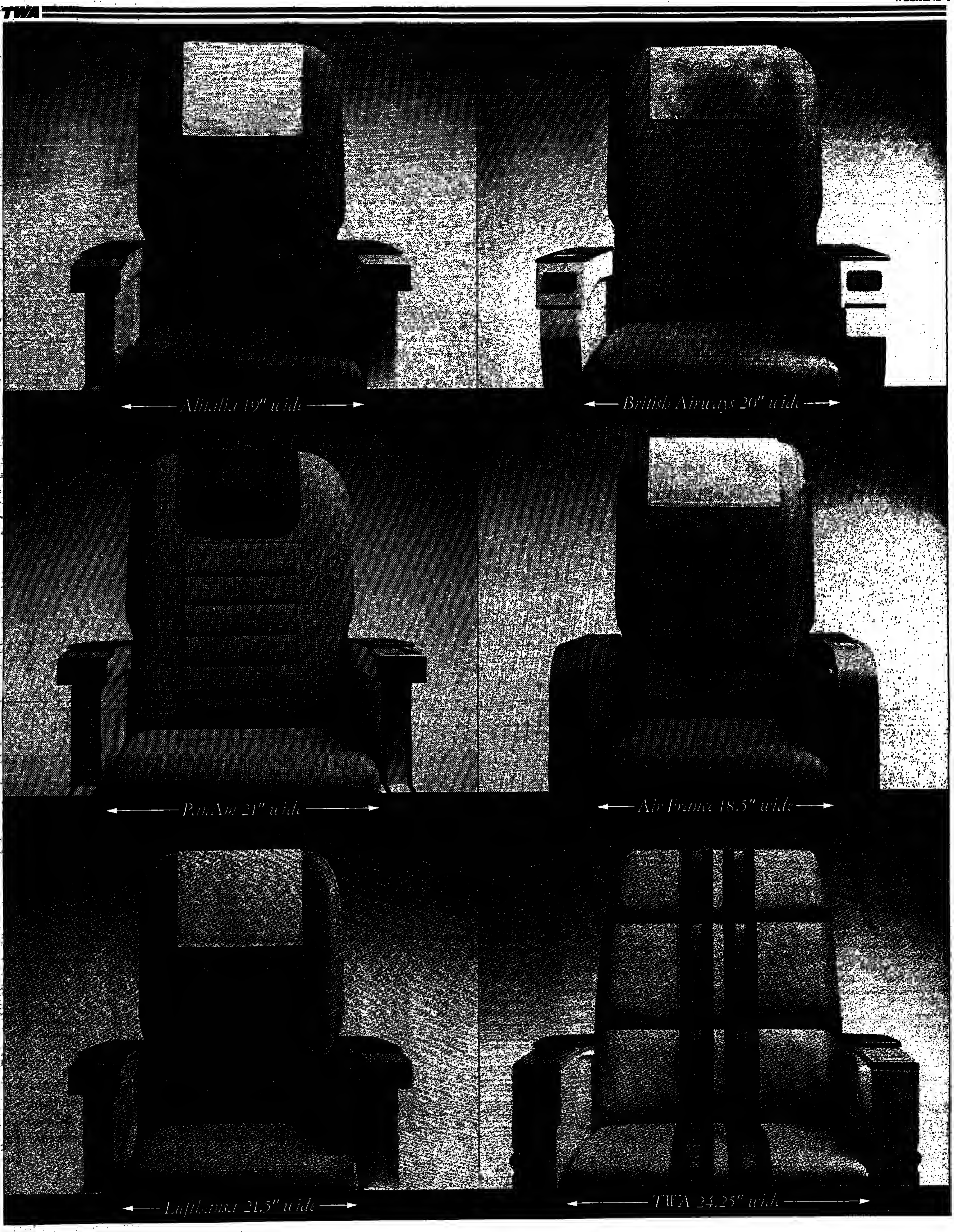
West cashed ace and king of hearts and a third heart was ruffed in hand. Being a finesse addict, South crossed to ace of clubs and ran the knave of spades, which held. When East showed out on the next spade, South was in trouble. If he took with his ace and played his queen, West would win, force dummy with a heart and eventually make a trump trick.

Therefore, South played his queen. West took and led his 10 of diamonds. Winning in dummy, South crossed to his ace of trumps (now singleton) and led a diamond in order to reach dummy and draw the last trump. But West ruffed and that was one down.

This could have been avoided by better technique. After ruffing the third heart, South should have played his queen of spades. If West ducks, he follows with the nine. If West wins either of the spade leads, there is no further problem, since another heart can be ruffed in hand. If West ducks again, declarer makes his ace, runs diamonds and gets home without any difficulty.

E. P. C. Cotter

TWA



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PROPERTY

Farmers who live in an age of consents

John Brennan explains why development on agricultural land has become an important source of income

FORGET barley and wheat, ignore the sheep lurking on the landscape and the tractors ploughing up worms for the birds – the two main cash crops for British farmers at the end of the 1980s have nothing to do with food production. They are planning consents and leisure.

For generations past, farmers have been telling sceptical "townies" that living off the land isn't what it used to be. Now they can call on the calculator skills of Strutt & Parker's Teresa Stanford as proof that beyond the tax-deductable F-registration Range Rovers and the cash-only farm shops stands a countryside full of impoverished farmers earning less than their workers.

Stanford took the Ministry of Agriculture's records showing a £1.14bn estimate for total farm income in 1988, added up the number of farmers and divided the one by the other. The result was an average income of £75.60 a week, or 49 per cent of the average farm worker's wage.

There are 192,000 full-time farmers in the country and a further 97,000 part-timers; and even excluding the part-timers from the calculation, she came up with an average farmer's income of just £113 a week, which is still £42.50 short of a farm worker's all-too-scant average wage. "It cannot," she says, "be healthy to have an industry where the bosses are paid less than the employees, and it just illustrates the fact that farming is in a very difficult position at the moment."

Now, while this could be dismissed as one of those exercises in averaging-down to the absurd, there is some value in highlighting the impact of reduced subsidies and low crop values on farm incomes. It does help to explain why so many farmland owners now spend their time studying their County Structure Plans, measuring their barns, and encouraging the undergrowth to grow on woodland that, in earlier years, would probably have been earmarked for a bulldozer cut.

The greatest of all prize crops is the windfall planning permission, hence the hopeful scanning of those County Structure Plans. With a sharp-witted planning surveyor close to hand, one of our land-rich but cash-poor farmers can at least dream of the moment when the planners decide to zone the bottom meadow as an appropriate spot for overspill housing, a suitable case for retailing, or home for a job-attracting office park.

THE RECORDS of Combe Fishacre House, five miles from Newton Abbott in south Devon, have allowed agent Jackson-Stops & Staff to track 150 years of price changes. Built in 1830 for local landowner John Shepherd, the Grade II-listed, five-bedroom Georgian house was valued at £4,500 for a mortgage in 1854. The house and lodge were sold for £2,500 in 1903, resold for £1,700 in 1920, sold again in 1925 for £2,000, and again that year for £2,250. The present owner's family paid £2,700 for the property and now, through the agent's Exeter office (0392-214-222), it is offered at £600,000.

That is when the figure of £2,168 an acre – the national average farm land value, according to Strutt & Parker's most recent survey – turns into £250,000, £500,000 or even more as a development site. That's also when the planning-crop farmer blesses Chancellor *Nigel Lawson* for not axeing roll-over tax relief on development land sales.

A major planning gain is the agricultural equivalent of winning the pools. More realistically, there are the surplus farm buildings to convert. In the days when farming was geared to increasing food production, tractors and combines outgrew their ad hoc stabling, pigs shifted from brick-built sties into low-rise concrete units, and cattle transferred to milking parlours designed like supermarket check-outs.

Agriculturally useless, yet preserved as part of the planners' image of an appropriately rural countryscape, the surplus farm barn itself has become a prized cash crop. Residential conversions for sale are the obvious, although by no means the only, option.

The Scott family illustrates what can be done to turn outbuildings into income rather than a single cash sale for conversions that can ruin the residential value of the main farm building. The Scotts would have ranked among the impoverished farmer class if they had tried to eke an agricultural income out of the 26 acres of south Devon land still attached to *Flear Farm, East Allington.*

Instead, they cropped the holiday rental market by converting the farm's stone outbuildings into six two- and three-bedroom holiday cottages and building a 40 ft heated swimming pool and vast games room in a spare barn.

By aiming for, and achieving, a quality of conversion that puts most of the the usual slap-of-whitewash-and-room-full-of-mismatched-furniture holiday cottages to shame, and by restricting lettings to non-smokers, the Scotts have been able to achieve rentals of up to £580 a week for the largest of their cottages in peak season. In just two years of business, they have achieved an occupancy level equivalent to 31 weeks a year per cottage with the far from Saatchi-esque annual advertising budget of just £300.

The Scotts now want to get back to "real" farming and so Flear Farm, with its past year's £60,000 gross income from lettings in a business that is barely off the ground, is for sale. Jackson-Stops & Staff (0392-214-222) has set a guide price of more than £750,000 for the land, cottages, a further unconverted barn with permission for conversion into two more cottages, and the main house – a comfortably rambling four-bedroom Georgian-faced farmhouse set apart from the cottages.

Jackson-Stops & Staff's Martin Lamb points out that the holiday lettings' profits at Flear Farm generate the equivalent of a yield of £2,300 an acre. It would take a generation of harvests to match that return from any other crop – unless, of course, that happened to be another leisure crop.

Amenity value for farmland stands at such a premium to its agricultural price that everyone in gumboots is looking at country pursuits in a new, commercial light. Wider interest in field sports has driven up the value of sporting estates and good fishing rivers to record levels. The value of a field rises proportionately if there is something over it to shoot or a stream by it in which to fish. Sale prices can be equated to the average number of animals, birds and fish that can be bagged.

For a Scottish estate with good stalking, you would now expect to pay the equivalent of between £8,000 and £15,000 per deer. The capital value of a prime shoot puts the cost of a brace of grouse near £5,000, and the capital value of a single salmon can be £5,000 or more when it is counted as part of the annual catch for an angler-friendly stretch of water.

That is a price which, according to Andrew Smith of Savills in Scotland, reflects the fact that "there are fewer and fewer opportunities to buy fishing rights as more rivers are sold as timeshare, and freehold owners who have rights just hold onto them."

There is an unusual combination of amenity value and new generation high-value farming in the sale, as separate lots, of the western Scottish island of Tanera Mhor and a salmon fishery created in its deep-water bay. If you were eccentric enough to revalue on a sporting basis the 130,000 salmon produced by Tanera Mhor's Summer Isles Salmon Farm each year, you would have a catch with a notional capital value of £70m.

Not that anyone is going to pay £5,000 a fish to sit by the banks of a 15-metre Wavemaster cage packed with hungry "smolts" (toddler-sized salmon to those more familiar with fish won from the fridge than on the end of a line). Shovelling food at the fish and clocking up a 500-tonne watery harvest ranks as work rather than leisure, and so the salmon farm will be sold on a business valuation basis.

However, the 800-acre island beyond the farm comes into the amenity category and that is now on offer through Savills (031-226-6961) and Finlayson Hughes (0463-224-343) for "in excess of" £800,000.

On an agricultural basis, you would be lucky to get a few hundred pounds an acre for farmland in the Highlands and islands. Tanera Mhor – 80 minutes' drive from Inverness, and a short boat ride from the village of Achiltibuie on the west coast – is the largest of the Summer Islands with a history of occupation dating back to the Vikings.

At its peak, a century ago, the island and its local fisheries supported a population of 119 people in 21 households. It was uninhabited from 1931 until 1938 when Sir Fraser Darling, the naturalist, lived there for four years; later, he based a book, *Island Farm*, on that experience.

Tanera Mhor returned to life as a working island with the establishment of the fish farm in 1981. It now employs four staff resident on the island and a further 10 sea-borne commuters from the mainland.

The island comes complete with nine modernised houses and cottages, and Smith says: "There are a number of companies active in fish farming who are likely to be interested in the business, but you never can tell who will want to buy an island. There are normally only two or three sales a year, and they always attract a lot of interest."

COUNTRY PROPERTY

RELOCATION

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TRAVEL

The Peloponnese, a peach of a place

Angela Wigglesworth is overwhelmed by Greek history and the hospitality of a local taxi driver

VASILIS, OUR taxi driver, suddenly pulled off to the side of the road by a fruit stall, jumped out, beckoned us to follow and bought each of us a large peach that he washed in a barrel of water and peeled before handing to us.

It was dusk, and electric light bulbs shone on the sprawling piles of melons, peaches, grapes and tomatoes. Four foot long strings of garlic hung from the walls, and the perfume of white gardenias filled the air. We were on the road from Athens to Epidavros in the Peloponnese and this was our first experience of Greek hospitality.

Vasilis, we were told, doesn't need to drive a taxi. He owns the local olive press in Epidavros, but just loves driving. Sometimes he gives his customers a meal on their arrival that costs more than the fare they have just paid him.

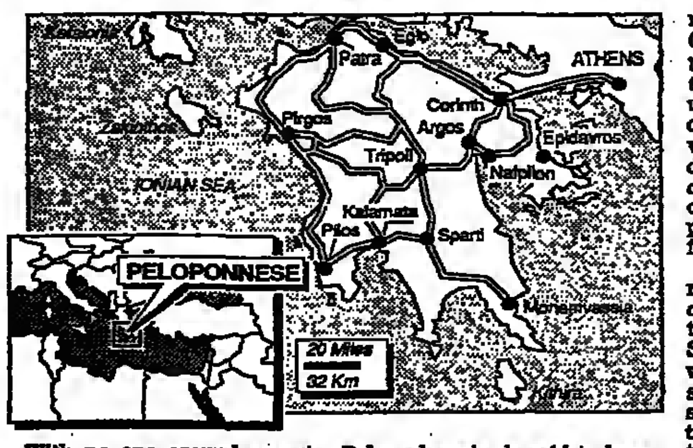
The Peloponnese is the peninsular that stretches south from the narrow isthmus of Corinth and is now almost severed by the six kilometre-long Corinth Canal. It is an area where history and legend are inextricably mixed in towns like Mycenae, where Orestes murdered his mother; Olympia, where the Olympic Games began in the 8th century BC; and Corinth, with its 6th century BC Temple of Apollo. Frankish knights built towers along the coast and the Byzantine rulers put up churches and fortresses.

But the place to which all the Empire flocked in the 3rd century BC was Epidavros on the Argolid plain. Here, among groves of orange, lemon and olive trees, the air pungent with the scent of pines, was the birthplace of medicine, the home of the mythical Asklepios.

The ancient town now lies buried beneath the sea while the new one clusters around the bay. About 10 kms away is the magnificent circular theatre built in the 3rd century BC to seat 14,000 people, and with astonishing acoustics. Speaking in a normal voice on the "stage," you can be heard in the top row 74 ft above. Here, too, are the ruins of the hospital, baths and gymnasium, for healing was very much an experience of the mind, body and spirit, and the theatre was part of that process.

"Epidavros has always been a special place," said a local man. "You can feel the sanctuary of it. It's cuddled by all these hills, and the pine and olive trees give out something that is very healing." It is very much alive today, with the Greek and other national theatres performing here during the summer months.

One morning before breakfast I walked through the orange groves and found an even older but tiny theatre surrounded by brambles practically in someone's back garden and only recently discovered.



With no one around except the birds, you could really imagine those ancient Greeks performing here. Nearby are the buried foundations of the first Epidavros destroyed by an earthquake around 400 BC whose mosaic floors can still be seen in the clear sea. Pieces of white marble pillars are casually strewn on the narrow beach; on the water's edge, a chunk of ancient wall still stands.

From here we drove to Nafplion, beneath the 700 ft high fortified hill of Palamidi, once a Venetian stronghold and with marvellous views from the top across the gulf of Argolid and the tiny fortified island of Bourdzi.

Its mythical founder was Nauplios, son of the sea god Poseidon, and it was his son Palamedes who is said to have invented dice and board games to amuse his fellow Greeks during the battle of Troy. In 1828 it became the capital of Greece until Athens took over six years later. It is an attractive town with ochre houses and narrow streets.

We passed Asaini, where Agamemnon built a summer palace and assembled ships to go to Troy; and drove round the Bay of Argos, where the still blue green water almost laps the road.

The great thing about eating in Greek restaurants is that you don't have to look at a menu if you don't want to bother. You go straight to the kitchen to see what's cooking and choose what you want from the steaming pans. At Tripolis, once the scene of terrible massacres by Turks and Greeks but now a peaceful, unpretentious town, we sat in the main square and between us had plates of rice, lamb, chicken and meat balls along with dishes of beans, Okra and dandelion leaves, potatoes with courgettes, tomatoes and onions — all for a couple of pounds each, and wine at 22p for half a litre.

Our aim that day was to reach Kalamata on the south coast and the road took us through the wide streets of Sparta, through deep valleys where olive trees grew in the summer-dry gold grass, the sun glittering like water on their silvery leaves. Suddenly there was Mistra, a city built into the hillside by Byzantine despots from the 13th to 15th centuries.

You really need to spend a day here to see its palaces, churches, colonnades and courtyards. We had just an hour, time only to wander up the stony paths to glimpse the tiny church and the museum.

Taxis in Greece are extremely cheap and if you take one here, you can suggest to the driver that he takes you to the top and waits for you at the bottom.

The Mani is one of three peninsulars that stretch out like fingers from the south of the Peloponnese, an area that local people say proudly has never been occopied by a foreign power. To reach it you drive through the Taygetos mountains, dotted with ruined chapels and deserted houses.

We stopped at Verga, the first village of the Mani, two kms from Kalamata, where George Vlachodimitropoulos (Bik to his English friends), a fisherman in Australia for 15 years, now runs the comfortable Hotel Australia. Just opposite is a lane that will lead you after half an hour's walk to a tiny white church. It is worth the climb up the winding cobbles for the marvellous view of Kalamata and the shimmering blue bay from the top.

Stoupa is a small village, its few shops, tavernas, restaurants and rooms to rent edging a curving beach of soft white sand. Up the lane from it, where tall banana palms grow, are the only two hotels. The rest is olive groves, cypress trees and an acropolis on which once stood the sanctuary to the goddess Athene.

In fact there are two beaches — the other, Kalogria, is where Zeus turned into a swan and ravished the beautiful nymph Leda. Today, at a small taverna here, you can enjoy a dish of lobster, fish soup and moussaka. Nearby is the sacred Grove of Love where wild herbs grow: on a quite walk we came across and rather interrupted two copulating tortoises on the path before us.

We stayed in the Hotel Stoupa for around £10 a night for two, breakfast around £1.50.

Statue of Apollo, leader of the Muses, in the Olympia museum

In the distance are the Taygetos mountains, solitary terracotta-roofed houses dotting the lower hills. Opposite, red and pink geraniums tumble over a low stone wall in front of a thick-with-grapes vine-covered terrace. There is a table, a pile of firewood, a cat.

To the right, a red rose flowers under a spiky palm tree, and red bourgainvillea grows against tha wall. A woman with a black head scarf, black dress and black umbrella walks slowly by. This is the Peloponnese, where you don't have to lock your car or hotel room and a taxi driver gives you peaches *en route*.

That'll do nicely, I'm afraid

Roger Beard thinks taking plastic cards on holiday is a complete cop-out that only suits the bankers

NINE OF the top ten restaurants in Europe now take plastic money, according to this year's Gault Millau, thus finally ending the tradition that for the greatest meals, cash and not card would do nicely. The only exception is Fredy Girardet at Crissier, and he is in Switzerland where the credit card is not yet king.

Lesser mortals could once travel the length and breadth of Europe, eat for pennies and bed down for tuppence, provided that they used the right books in a sensible way and conserved their cash and Eurocheques. It was a matter of traveller's pride to seek out the best meal at the cheapest price.

This is a [illegible], for that was before plastic money and those poisonous symbols for Access, Visa, Amex and Diners were added to the guide book lexicon.

Until the late Seventies restaurants were chosen by menu, and rooms by their charm. Increasingly, they are now chosen by the credit-card stickers on their windows — eat today, no matter what, pay tomorrow, no matter how. This is fine for the rare blow-out at Lucas-Carton or Georges Blanc, but bad for those who consider regional food the greatest pleasure of travel.

Particularly in France, the credit card explosion has had the dual effect of raising prices and internationalising menus, and hence lowering standards. Outside Paris, it used to be a matter of principle to pay for Sunday lunch in cash — but no longer. This writer's list of where you have to pay cash grows shorter every year, as Carte Bleue cuisine begins to bite.

Card charges cut a vital 4 per cent into the honest restaurateur's already low profit margin; and the ingredients and cooking suffer as a consequence. The original point of seeking the best at the cheapest was to provide yet another memorable rather than mediocre meal, or a 5 ft bed rather than a Frigobar in your room.

Instead, we have the absurd situation where "wise" travellers take wads of cash, guard it like gold, finally to lose on the turn when they change it back into sterling. They have eaten plastic funded by plastic, and slept in whatever Eurotel has caught their eye on the motorway.

It is a wisdom supported each summer by those financial commentators who reiterate seasonal advice on how to play the plastic to gain the last point of interest and the longest period to pay. You no longer spend to enjoy yourself, you spend in order to save, and the more you save the more successful your holiday.

This is Benidorm banking at its worst, suitable only for the lower end of the Iberian trade, and even then much of the advice is just plain wrong. Those who play their cards on the principle that the bills will take months to surface are behind the times, with fund transfer now measured in hours even from the remoteness of Galicia.

Even away from the crushing vulgarity of the Costas, the rot is insidious. Just a few years ago, the high point of arrival at a new place was to walk the streets and read the menus. Their language and signals were something you taught your children. Not now.

You sit, instead, in your hotel room looking for those damned credit card signs at the end of the guide-book restaurant entries, even before your feet hit the cobbles. If they don't take your plastic, you don't eat their food, no matter how good. And for those holders up to their limit, the sight of an electronic card scanner is a further put down.

Eating and sleeping on credit abroad suits the bankers, and exacts a dreadful toll on the rest of us. Not only is choice constrained, but what should be an intimate exchange is destroyed at the end of the meal by the casual flick of a credit card onto the bill salver.

The exception comes in Italy, where the eating is not cheap but where the plastic cop-out is still rare. When the window stickers on an Italian restaurant welcome your charge or credit card, beware of two things. First, they are often a mark of an establishment taking itself too seriously. Second, Italian restaurateurs are reluctant to remove out-dated stickers for cards which no longer run.

The latter means that you could be in for one of those three-hour Italian blow outs, topped with espresso and grappa, and a bill that the pathetic pieces of plastic will not cover. And so much to the good, for elsewhere in Europe they have replaced discernment with an apparent discount.

In my view, cards should be used to pay petrol bills, supermarket tabs and the other less enjoyable aspects of travel. When it comes to what really matters — what you eat and where you sleep — they should be banned.

BOOKS

Trying to catch up with the language

***Anthony Curtis** browses through the enormous new Oxford English Dictionary, and its electronic aids*

WHAT IS the Oxford English Dictionary? What is its status as the final arbiter of the language we speak and write? "It is not an Academy," said Dr E. S. C Weiner, one of the co-editors of the new edition which is published next week in 20 volumes.

The editor means that it is not an Academy on the model of the French Academy, where a group of literary savants sits solemnly in judgment on new words and decides whether or not to admit them into the language for approved usage.

"The dictionary," Weiner told me in his office at the Oxford University Press last week, "is a description of the language." Moreover, it is a description along historical lines. This was the intention when the project for first compiling such a dictionary was aired by some members of the Philological Society of London University in 1857. It is what gave the dictionary its unique character when the project was implemented – it took 76 years – under various editors in Oxford.

The description of each word in the language is illustrated by its actual use through a series of quotations. These are chosen to show the first time the word was used in a given sense. Read consecutively, these quotations amount to a mini-biography of the word, describing the changes in its fortunes since its first appearance in English.

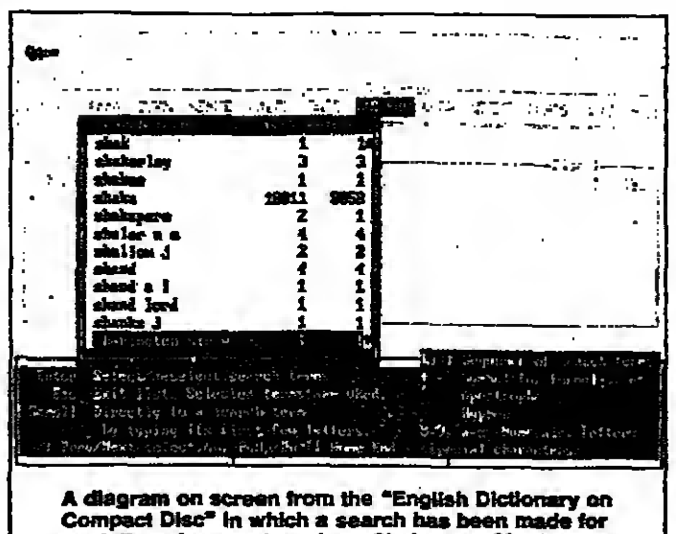
The dictionary can never completely catch up with the language it is trying to describe. Like the painters at work on the Forth Bridge, it is always in arrears. When the first edition was finally complete in 1933, work started immediately on the supplement, and then on supplements to the supplement. The four volumes of the supplement "with corrections, revisions and additional vocabulary," edited by Dr R. W. Burchfield, were published in 1987; yet in this second edition, which combines the original OED and the supplements, 5,000 new words have been added.

Many other changes have been made. The most far-reaching is the replacement of the phonetic script devised by the great H. J. R. Murray by IPA (International Phonetic Alphabet). In this, a mark is put *before* the part of the word stressed and not, as with Murray, after it.

Is the language now changing more rapidly than ever? Wiener would not wish to be dogmatic about that. Certainly, the endless input of new usage from so many different sources, trades, technologies, and countries outside the UK gives an educated user of English access to many more opportunities for new usage than his counterpart in the 18th century. In this situation, the process of change and renewal is likely to be more rapid than before. How do Weiner and his co-editor, J. A. Simpson, keep pace with the flow of new expressions and modification of old ones?

The dictionary has always relied on a dedicated band of readers, some paid and given specific texts to read, but dozens more who do it on a voluntary basis. Early readers included Gilbert White, Flinders Petrie, Leslie Stephen and Charlotte M. Yonge; and, during her lifetime, Marghanita Laski is reputed to have sent in some 250,000 quotations.

Even in our modern electronic era, the innumerable slips of paper containing these bits of evidence of uncommon or interesting usage still represent the raw material on which the editors and their colleagues work; but now they have an incomparable electronic tool to assist with the task of codifying, revising, checking and scanning. Weiner happily acknowledges that "the computer is God's gift to lexicography."



A diagram on screen from the "English Dictionary on Compact Disc" in which a search has been made for quotations from authors from Shak . . to Sharington. "Lemma" is the term used for head-words

The second edition was made possible by a fascinating and highly complex application of computer technology to the editorial problem. It began in 1984 when the entire text of both the dictionary and the supplement – some 60m words – was captured electronically, keyboarded by International Computaprint Corporation, an American subsidiary of Reed International. The two works were then merged with software devised by a department of the University of Waterloo in Canada. Human beings at the OUP then went through the text adjusting the "joins" and making further corrections. A completely new text editing system called Oedipus – Oxford English Dictionary, Integrating, Proofing and Updating System – was developed.

One by-product of this work was to put the text of the original dictionary on a single compact disc, availabls commercially as *The Oxford English Dictionary on CD-ROM* for use with IBM-compatible computers. This is an addictive toy, as I discovered during a demonstration, but it also has important and time-saving research applications for scholars. Not only does the user have immediate access to the text in diagrammatic form, with the main word and variants highlit in a system of colour coding; it means also that the dictionary can now be used in a number of ways as a data-base.

Someone who was writing a thesis on nonsense language, and wanted to make a list of all the words in the language that had been invented originally by Lewis Carroll, could ask the computer for a list of all the Carroll quotes in the dictionary. After a minute or two's search, he would be presented on screen with the substance of the required list.

I set up a project that involved a request for a list of all the quotations from Shakespeare which had any naval or nautical words in them. Again, within a few minutes I had an intriguing batch of quotes starting with *The Tempest* and giving side-glances at Hakluyt. I felt I was well on the track of producing a scholarly tome on *Shakespeare's Nautical Language*.

If I had really been working on this topic I could have continued my research by reference to the electronic edition of *William Shakespeare: The Complete Works* – the Oxford text of 1986 edited by Wells and Taylor – and I could have used this in conjunction with another software tool, Micro-OP, which is a text-analysis package producing word-lists, indexes and concordances from texts in a variety of alphabets and languages.

In spite of these highly sophisticated electronic aids, it is significant that the new edition of the dictionary is not available on computer. Nor are there yet any plans for it to be marketed as a software package. This seems slightly puzzling: if, in order to produce it in book form (20 volumes), it had to be computerised, why not publish a CD-ROM as with the earlier edition? Eventually this will, surely, happen but, at present, the OUP's enthusiasm for its electronic products is tempered by caution. "We are still at the Blériot stage in electronic publishing," said Adam Hodgkin, of the academic publishing division.

The software program for the new dictionary will need to be revised to include more fields, particularly the pronunciation field. There is no technical barrier, for example, to programming the computer to read the phonetic alphabet and reproduce the sounds orally. At present, though, all that seems a long way off, and the printed volumes of the dictionary seem likely to maintain sovereignty on the bookshelves for many years to come.

■ **The Oxford English Dictionary, Second Edition, prepared by J. A Simpson and E. S. C. Weiner in 20 volumes, £1,500 the set.**
■ **The Oxford English Dictionary on CD-ROM, £500; William Shakespeare: The Complete Works, Electronic Edition, £150.**
■ **Micro-OCP is available to individual purchasers at £185 and to institutional purchasers at £250.**
■ **All the above may be ordered from the Oxford University Press, Walton Street, Oxford, OX2 6DP**

Fiction for Easter reading

Such uncompromising chroniclers of life

WOMEN IN A RIVER LANDSCAPE
by Heinrich Böll
Secker & Warburg £10.95, 208 pages

A WOMAN'S GUIDE TO ADULTERY
by Carol Clewlow
Michael Joseph £11.95, 208 pages

THE MAN WHO WASN'T THERE
by Pat Barker
Virago £10.95, 240 pages

OUT OF THE LINE OF FIRE
by Mark Henshaw
Hamish Hamilton £11.95, 207 pages

THE MUSIC PROGRAMME
by Paul Micou
Bantam Press £11.95, 249 pages

LIKE MANY of his German contemporaries, Heinrich Böll was much possessed by death. He saw a lot of it during the Second World War, and ghosts never fail to haunt his work. *Women in a River Landscape*, completed just before he died in 1985, is a novel of mostly women's reminiscences – of lovers and brothers lost, of children strung up on farmhouse beams by Germans before the Russians could get to them; later, of corruption and cover-ups.

The flashbacks, the wild, compelling visions which emerge from a handful of linked soliloquies, are harrowing. Really sinister, though, is what happens now to women who remember too well, whose accounts conflict with the authorised version of history laid down by the new regime. The wife of one politician ends up in a plush sanatorium especially equipped – with docile young men and valium-tamed deer – for women "to have their memories corrected."

Tenderness always filters through, but it's a rich, rum do, this Germany of ancient myth mixed with up-to-the-minute intrigue. Who, for instance, goes from house to house chopping up the grand pianos owned by Bonn's eminent bankers and once played by Brahms and Wagner? Why does a nobleman earn his living by stealing Mercedes cars? And if neither Old World charm nor capitalist enterprise can save the place, is a one-way ticket to Nicaragua or a strong curtain-cord the answer? Böll's women are bleak and uncompromising chroniclers.

Harsh revelations, too, from a younger band of female chroniclers, this time the adulteresses whose energetic defiance of the feminist motto, "Thou shalt not make another woman unhappy," is the subject of Carol Clewlow's second novel. *A Woman's Guide to Adultery* is just that: everything you ever wanted to know about why not to do it, yoked into a fairly convincing tale about how impossible it is to resist. For if, as Ms Clewlow insists, all the desirable men are attached, can one blame mature student Rose for trying her luck with her posh, post-structuralist married tutor, or wistful, whining Jennifer for sweeping the college's writer-in-residence off his feet, out of the arms of his live-in lover and, hastily, up the aisle?

Well yes, says Ms Clewlow, one can: "A woman taken in adultery should be stoned, by other women." This is a sharp eye and very funny fable, written energetically and astute about social and sexual mores. But, somehow, in this context heartbreak seems no more severe than a hangover.

Pat Barker's novels about poverty and deprivation in the north of England have always struck me as a bit too jolly for their own good, and *The Man Who Wasn't There* is no exception.

Twelve year-old Colin, growing up in the 1950s, plagues his waitress mother about his father's identity until, for a quiet life, she tells him the dashing story about an RAF pilot shot down in the war. It bears an unfortunate resemblance to a film Colin sees a few days later, *driving him* to reject everything she ever says and to construct his own fantasies of heroism and loss.

It's an appealing theme, treated sensitively. Colin's imaginative world dovetails neatly with the drab goings-on at school and in his grandmother's kitchen, but Pat Barker's efficient, bristling style cannot work overtime and neither plot quite catches fire.

Mark Henshaw's first novel, *Out of the Line of Fire*, has a story so convoluted that it makes as much sense to unravel from the end as from the beginning. It is another family tale, the problem here being over- rather than under-exposure to parental influence.

Young Wolfi Schonhorn, PhD, is a *wunderkind*, too clever for Heidelberg University and too clever to let his inquisitorial father notice that he has his eye on both his sister and his mother. But the Australian narrator (alias Henshaw) enjoys chasing wisps of incest through a book otherwise packed with quotations from Heidegger and Wittgenstein, and eventually the well-ordered bourgeois family is revealed for what it is.

A long day's journey into a rather predictable night is made even longer by the translation of large chunks of English dialogue into German, as if some sort of parallel text were needed to give the novel authenticity. But not for a moment does it ring true, in either language.

Imagine a benign and cheerful *Black Mischief* and you have something of the flavour of Paul Micou's comic fantasy, *The Music Programme*. Diplomats pursue high-fidelity infidelity on the African island of Tinball, while civil and not so civil servants investigate anti-American bias in an international agency sponsoring new music on the continent. "Frilly-cuffed Mozart" can always be relied on to drown the noise of a nearby coup, and a good and entirely silly time is had by all.

Jacky Wullschlager

Heinrich Böll: possessed by death

The PM's legal eunuchs

"THE SELECTION of Lord Mackay as Lord Chancellor was . . . widely welcomed, for it was felt by many that, after the long reign of Lord Hailsham, this Scotsman would bring a breath of fresh air to the office."

It is interesting to speculate on how Lord Rawlinson's view of "the Lord Chancellor who broke the mould" would have changed had the publication of his memoirs come after that of Lord Mackay's green papers.

The "breath of fresh air" has proved anathema to Rawlinson, along with almost the whole of the English legal establishment, which is up in arms at the radical cheek of this Scotsman who is daring to interfere with the English legal club.

Rawlinson, a former Conservative Attorney-General, has warned that he is ready to resign the Whip if the Government presses ahead with the Mackay reforms, and said he thinks the present Attorney and Solicitor-General should both resign.

There is a prophetic ring when he writes that Mackay's personal qualities "should not disguise the significance of the fact that, for the first time, there sat on the Woolsack, charged with the responsibility of administering the English (not the Scottish) law and of selecting the English (not the Scottish) judges, a man who had never been trained in the English law and who had never practised in the Law Courts in the Strand or in the Old Bailey or in the Crown courts throughout England and Wales."

Much of the outcry over the green papers has been about the proposal for a degree of government control over the legal profession. Rawlinson would probably see this as the logical extension of a process which he has seen developing over a number of years: the politicisation of the law officers.

"Whitehall has at last succeeded in clearing the way to transform them into ministerial legal servants, government legal eunuchs. The post of Lord Chancellor has become that of just another political bureaucrat in the Cabinet . . . while those of the Attorney and Solicitor-Generals have been transformed into that of tame legal consultants to their Master or Mistress, the Prime Minister.

A PRICE TOO HIGH: AN AUTOBIOGRAPHY
by Peter Rawlinson
Weidenfeld & Nicolson £16.00, 264 pages

It has been neatly accomplished, and without any debate either in parliament or the profession over whether the eunuchs will give a better service to the administration of the law."

The other (coincidentally topical) part of Rawlinson's book, which distinguishes it from the autobiographies of other lawyer-politicians that have appeared in recent years, deals with the Profumo affair.

Rawlinson, then Solicitor-General, was one of the five ministers concerned in the preparation of the statement that Profumo made to the House and later confessed had been false. Following Lord Denning's inquiry into the affair, Rawlinson offered his resignation. "I did feel that, as we had been wrong, a price ought to be paid, that some head ought to roll. Mine might have taken some of the pressure off John Hobson" [the Attorney-General]. However, the Prime Minister, Harold Macmillan, refused to accept the offer and Rawlinson "realised that, if I insisted, my resignation might only help to bring down a Prime Minister whom I greatly admired."

Rawlinson writes interestingly about Edward Heath and Margaret Thatcher, plainly finding the former the more sympathetic. He says of Heath: "He had built for himself that outer carapace inside which lived the very private and sensitive person who was ever struggling to get out. He found the small change of social life truly difficult. He could not flirt with women or tease men. So he brushed all that aside as being unimportant and trivial and a waste of precious time. But, in reality, a part of him was longing to carry off all those things which a man of the world finds easy."

Rawlinson recalls his first sight of Margaret Thatcher in 1959. "She had a creamy pink and white complexion and beautifully, too beautifully, coiffed fair hair, not a single strand out of place. But there was a rather prim pursing of the lips."

Later in the House, when she became a minister, she had won her spurs and "when they were on her boots for all to see, there was not the same tiresome need to draw attention to herself . . . It was only when the boots got very big that some of the unnecessary nonsense returned and the lack of generosity so sadly noticeable."

Raymond Hughes

Add a cannibal and stir

MY CHOCOLATE REDEEMER
by Christopher Hope
Heinemann £10.95, 262 pages

HAVE THE MEN HAD ENOUGH?
by Margaret Forster
Chatto & Windus ££12.95, 251 pages

THE GROWN-UPS
by Victoria Glendinning
Hutchinson £11.95, 252 pages

CHRISTOPHER HOPE'S novels *don't move in straight lines*, from present to future or back into the past; there is no single narrative line. They meander, crack open, bulge, sink, question, suggest, enticing and sometimes infuriating the reader who must keep alert not to miss what's what.

La Frisette, a pretty town in southern France with its lake, ruined monastery, right-wing politics and old hatreds from the war, nurses a reluctant though exotic narrator, 15-year-old Bella. Her father has vanished, presumed dead, in Africa and her mother has vanished just as emphatically, although still alive in California. An African ex-ruler, rumoured to be a cannibal, turns up to take the whole top floor of the biggest local hotel *and seems to have been* Bella's father's friend. Is Bella to become his fifth wife? Such a question is far too abrupt and overt for so filmy a plot.

The satire is sharp, though. Characters may seem to wander aimlessly through the action but they may suddenly sting. The trendy village priest, for instance, who has replaced the Stations of the Cross in his church with "pictures of famine victims from distant parts," is nonetheless a fervent supporter of the local right-winger, Monsieur Chsrubini, hugely popular for wanting to repatriate every black face around (including, most ferociously, Bella's new friend).

Bella's visit to her admirer's country, Zanj, where she rides in a bus called Sweet Little Me beside an ant-eater with diarrhoea, is about equally hilarious and sinister. And the past looms as sinisterly at home where her grandfather, shot at dawn "for France," turns out to have been in the pro-Nazi Milice. A tale for our terrible times, told lightly but with a heavy heart.

Just occasionally, the person and the artist come together, and something that actually happened is transferred successfully to fiction. Not always, of course. The cherished notion that experience makes a novel often comes a cropper. But in the case of Margaret Forster's *Have the Men Had Enough?*, her close involvement with recent events triumphs.

When her mother-in-law died, she decided to make a novel of it and wrote the whole book in six weeks flat. And the passion shines through. Not just that, though. A novel painfully full of feeling, and totally credible, it is also a valuable piece of social comment. Social workers, geriatricians, local authorities, please note.

What's to be done about adultery in Hampstead? You can change the location to Clapham but the fictional familiarity remains, particularly when the main adulterer is one of today's most familiar figures – the telly guru and fashionable don, writer of books, giver of lectures, broadcaster, attender of international conferences. Victoria Glendinning's first novel suffers from a sense of *déjà vu*.

It is not, as the title might seem to imply, a child's vision of adult goings-on. There is no single-eye view, no particular level of age or judgment; its view is one of god-like omniscience.

Ulm, an old fellow with a young wife, has left his first wife to a sort of madness when she realises he just doesn't care. Although not outrageously adulterous, he fancies his wife's friend; and at a congress in Washington, he is besotted temporarily with an academic French woman, who falls heavily for him.

Soon he dies, leaving a love letter in a pocket, so his wife knows. Was he pushed towards death? There are plenty of suspects and possibilities but the omniscient teller isn't telling. In spite of its familiarity (characters, places, situations), it is stylish and one wants more. Particularly more of the eccentrically *passionate outbursts* about life today when anger cracks the even surface; more of the occasional subtlety of observation, full of polished surprises, upon well-worn scenes. Further novels, in fact, from this gifted biographer.

Isabel Quigly

Metaphorical mutineers

TRUE BLUE: THE OXFORD BOAT RACE MUTINY
by Daniel Topolski with Patrick Robinson
Doubleday £12.95, 320 pages

IN VARSITY boating circles, there has been no bigger splash in recent times than that created by the "Oxford Mutiny" of 1986-87, when a protracted dispute split the Oxford University Boat Club down the middle and triggered a walk-out that left the crew up the creek, as it were, just six weeks before the Boat Race.

The incident apparently "shook the university and the rowing establishment to the foundations" and made front-page news for weeks. Now, what was to most people an entirely private brouhaha has been recounted by Daniel Topolski as a quasi-Olympian struggle between centuries of English tradition and brattish New World gamesmanship. Topolski was the Boat Club's *chief coach* who engineered 10 consecutive Oxford victories between 1976 and 1985. As Patrick Robinson says in his foreword: "Heroism and brilliance walked hand in hand during these most glorious years."

We will become very familiar with this thumping grandiloquence over the next 300 pages. For the focus of *True Blue* is so narrow that whatever happens within its frame assumes epic dimensions automatically; every incident, every "disaster" is invested with the same ringing gravitas.

The storm at the centre of this tea-cup involved the OUBC president, Donald Macdonald, and a rather recalcitrant American oarsman named Christopher Clark. Briefly, Clark had become disaffected with Topolski's training régime, and his unpredictable behaviour was thought to be a disruptive influence on the squad.

Tempers simmered for months until the crew, which included Clark and four other Americans, informed Macdonald that they didn't want to row with him – and "mutiny" was born. Sides were taken and sparks began to fly; or, in the idiom of *True Blue*, battle lines were drawn and the opposition was engaged.

The martial metaphors begin to fly thick and fast; Eisenhower, Patton and Montgomery are invoked; Macdonald's fightback is an "operation" which had to be "swift, brutal and without mercy." Those expecting a second Night of the Long Knives will be disappointed, however, since said operation simply involved sacking Clark and delivering an iron-fisted ultimatum to the other "rebels."

From here on, every other page seems to bring another Confrontation, another Decision; you'd think they were limbering up for the Treaty of Versailles. In this setting, the characters do not converse so much as orate, and that with near-Ciceronian *pomposity*. At a secret confab, Macdonald harangues Clark: "Once more, you assume this extraordinary position where you think you can not only pick the crew, but also name presidents with not one single thought for the ordinary democratic process of the college captains which has survived here since the Duke of Wellington was Prime Minister of England." All this needs is a few verses of Kipling and a burst of applause to round it off.

And yet . . . and yet, I was absolutely gripped by the whole thing. Whether hunkering down on the towpath or eavesdropping on OUBC cabals and team pep-talks, *True Blue* exerts a wretchedly compulsive hold. I read of Topolski's last-minute switch from aluminium oar-blades to wooden ones with something very close to reverence: the change proved instrumental in Oxford's astonishing 1987 victory over Cambridge, a miracle to rank with the Greeks trouncing the Persians at Salamis . . . Hmmm – I think that military manner is catching.

Anthony Quinn

Biography

ANITA LOOS: A BIOGRAPHY
by Gary Carey
Bloomsbury £14.95, 331 pages

THIS IS the story of a woman who was a trend-setter, an achiever. Gary Carey, who cut his biographical teeth on Douglas Fairbanks, Mary Pickford and Louis B. Mayer, has given us a thoroughly researched insight into the life of Anita Loos, most famous for *Gentlemen Prefer Blondes*.

The idea for that book came to Anita on a train journey from New York to California in 1925, and she scribbled an outline on scraps of paper as the train rumbled over the prairies. It took the book world by surprise and became a best-seller.

The heroine, Lorelei Lee, became the archetype of the blonde and giddy flapper with a penchant for rich men and the diamonds they could offer. The book also took a light-hearted, acerbic look at the sexual mores of the rich and well-connected before the Second World War.

Gary Carey reminds us that Anita deserves to be known for much more than just this blockbuster. Born in April 1893, her career involving plays and films lasted well over 70 years.

Lucinda de la Rue

DIVERSIONS

Easter in the garden

Carry on weeding but don't mulch

AN EARLY Easter is a blessing for gardeners: it allows us to catch up before we have all fallen behind. Like most blessings, it is mixed, suiting some jobs better than others. This year, it is compounded by an extraordinary season which has made us feel as if we are plunged into late April. It will be easy, then, to bring the timing of jobs forwards and to do the wrong things first.

Personally, I will be planting and weeding, sowing some overdue seeds, deciding the fate of the lawn and risking a look under the swimming pool's winter cover, probably not until Monday evening. There is no knowing what might be breeding underneath. I will not be weed-killing the lawn yet, but I will be weed-killing all paths and hard surfaces, using Super Weedex.

It is more sensible to feed the lawn now with a nitrogen-based feed or with plain old Growmore and then to kill the weeds later, a job best left until May. There is reason in this sequence. If you push the weeds into growth and build up the strength of the surrounding grass, you can hit the weeds even harder with your selective follow-up and you also have a better chance of coaxing the grass to fill the dead patches which the weeds leave behind them. Imitate the habits of a tyrant: be kind first, and clout them later.

What about rolling the grass before you mow it? After last year's turfing in a snowstorm, I am tempted to order a 10-ton weight and squash the wretched stuff down to the surrounding level of the rest of the lawn. However, heavy rolling is never a good idea and this year, it is a particularly bad one.

We never had a serious frost to unsettle turf and lift it into bumps, the one good excuse for using a roller on it. Instead, we have had rain, and if you crush the lawn before its first April mowing, thinking that you are levelling the arena for the mower, you will pack down the soil and cramp the roots into a mud-pancake. Leave rolling to the groundsman.

It is still too early to sow seeds directly outdoors, but you can try my new trick with the seeds of sweet peas instead. It is not actually my own trick. It is the old trick of a spectator who took pity at my attempts to do the job which books call "nicking the seeds."

This business is a finely-judged scrape with a sharp knife or file on the opposite side of the seed to the one from which you expect it to germinate: it has a very close relation called "nicking the fingers." I have at last discovered that you can rub the seeds between two sheets of sandpaper instead. About a dozen rubs up and down will crack their hard coats and allow sweet-peas to take up water and burst into growth. Time is slipping by, but you can still start the seeds under glass or to a heat of about 60 degrees F.

You can also start them in

the ultimate budget-proof economy: the course of old rolls of loo paper. Throughout the winter, sweet-pea enthusiasts have been tearing through their loo-rolls to get at those cardboard tubes in the centre. If you fill up these tubes with compost and stand vertically, you have an ideal pot for a young sweet-pea which likes to make very long roots and hates to be disturbed when it is planted into the garden.

The tube can go straight into the ground, where it will rot and allow the roots to spread sideways. I mention this idea, passed on by a reader at a gardening quiz, for those who agree that one point of gardening at all is to take revenge on the manufacturing economy.

What about weeds and weed-killer in flower-beds? I will be out there Tumbleweeding, pitying the poor organic greenies who think that we should all be using strips of unwanted carpet to block out weeds by natural suffocation. I admit that it is a shade early, but weeds are already growing impudently and I like to reserve the chance of a second attack before the season is too far advanced. Try to pick that elusive Easter moment when there will be no rain for the next six hours, but when the ground is not dry and the plants are receptive. Remember that Tumbleweed kills only through the leaf: unlike Weedex, it is wasted if it is sprayed on bare earth.

At some point the garden centres will pull me in and I suppose I will surrender and pay £5 for a clematis. Somehow, Perle d'Azur is always scarce (the best, but not the easiest, to propagate), but I will settle for three others in my top ten: Henryi (the best white for every person's purposes), Tangutica, a better-performing yellow than the "Orange Peel" orientalis, and the purple-blue The President because you can always grow it through another shrub if you return home and wonder where you ever thought you were going to plant it.

Give us a fine Easter Monday, and I may even rig up my oldest Good Intention, a square of chicken wire fixed horizontally on to pegs about a foot above ground. Clematis can be grown horizontally on this unappealing frame, covering it like a cloth on a table. The idea works beautifully and with some early training, you can space out the flowers and for once, see them fully by looking down on them, not up into a tangle.

Lastly, mulching. It is common knowledge that mulchers put at least three inches of decayed compost, chopped bark or shredded manure onto their flowerbeds in spring: they block out new weeds and have a much easier summer of it. The job is essential if you want peace and have the compost, or enough cash to buy enough bark, but this Easter is a little too early to be doing it. Those blossom-trees are still deceptive.

The soil itself has not really warmed and a mulch is best put on when the ground is no longer cold. Press on resolutely with weeding in the wind, perhaps the unchanging message for anyone who ever wants to know what to do. After cleaning the surface totally, you can then seal it with a proper mulch in another three weeks' time.

Robin Lane Fox

As ye sow, so also shall ye reap, feed, prune . . .

TRADITIONALLY, Easter is the holiday when keen gardeners catch up with work outdoors. It falls at a particularly convenient period when lengthening days are giving the right signals to seeds and plants and there is sufficient warmth and moisture in soil and air to make those signals valid. Seeds of all hardy annuals and also of hardy vegetables can be sown out of doors.

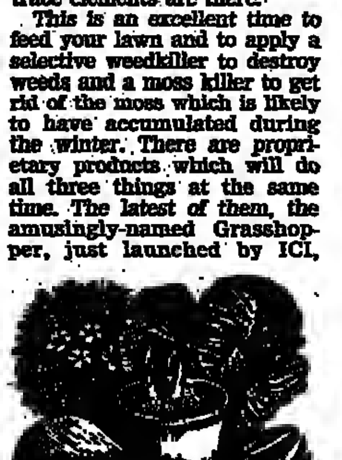
Only the half-hardy kinds must wait a few weeks longer, the annual asters and zinnias most notable among flowering plants, and French and runner beans, sweet corn and vegetable marrows among the vegetables. Cucumbers are really best raised under glass and planted out in early June, but it is possible to sow the hardiest varieties outdoors directly where they are to grow, but not before mid-May, except in the most favourable places.

This is also an ideal time to sow grass seed, either to make new lawns or to patch or thicken old ones. If seed is too slow or seed beds are too difficult to prepare, turf can be laid and nowadays it is much easier than it used to be to buy turf purpose-grown from seed for lawn making.

Easter is an excellent time to feed plants with bulky manures and with more concentrated fertilisers. Do not believe those who tell you that the one type is wholly good and the other wholly bad. Both can be misused, and I have been amused these past few weeks to observe the farmers being condemned for poisoning the countryside with slurry. Just change the name to muck and it becomes the traditional manure, liquid or solid or a mixture of the two, which all good farmers have always used and good gardeners have been glad to get.

However, one can have too much even of a good thing. I have tried unsuccessfully to garden on soil that had been poisoned by too much manure and I have also seen crops destroyed by ill-chosen or over-plentiful fertilisers. What is essential for maximum success is to get a good balance in the soil of all the essential chemicals, including those such as molybdenum and manganese that are only required in minute quantities. Fertilisers such as Vitax Q4, now readily available, are invaluable in insuring that these trace elements are there.

This is an excellent time to feed your lawn and to apply a selective weedkiller to destroy weeds and a moss killer to get rid of the moss which is likely to have accumulated during the winter. There are proprietary products which will do all three things at the same time. The latest of them, the amusingly-named Grasshopper, just launched by ICI,



comes ready packed in an ingenious spreader which dispenses with reels and rollers and is used very much like a watering-can fitted with a rose, except that this dispenser deals with granules and it is impossible to clog the spreader which distributes them.

There is still time to prune roses, though most of them are by now well into growth. For the novice, there is some advantage in this because, instead of having to search for those elusive dormant buds to which to cut back last year's stems, we can take the much easier option of cutting back to a good new shoot. Do not be afraid to prune roses very severely. They thrive on this kind of treatment and, when growing wild, often make much of their best new growth from low down and allow the rest to be starved or even to die.

All hardy herbaceous perennials can be planted now and there is no need to go to the extra expense of buying them in containers if you can obtain good plants freshly dug. They will probably be bigger than the container plants, a few perhaps big enough to be split and so give you two or even three plants for the price of one.

But beware of plants, most of them imported, which are sold almost bare of soil in plastic bags. Some of them are nearly dead before they are purchased and even the best can be difficult to re-establish. If given such plants, it is wise to pot them individually in a good peat potting compost, place them in a frame or in a sheltered place and keep them watered until they are growing strongly — that is, if they can be persuaded to grow at all.

This is also potato planting time. Perhaps only the more enthusiastic vegetable gardeners will want to grow all their own potatoes, since they take up a lot of room and involve a good deal of labour, but many may wish to grow one or two special varieties which are difficult or expensive to purchase.

I have in mind particularly Pink Fir Apple, a very old English variety, and Ratte, an old French variety, which is fairly new to the British market. Both make long, rather slender tubers of superlative quality when cooked, and planting sets of both are available from Marshalls of Wisbech, Cambridgeshire. These, or for that matter any other varieties, can be grown in the peat-filled bags sold primarily for growing tomatoes. The method is the same: the bags laid flat on any firm surface, cross-shaped incisions made 10 to 12 ins apart in the upper surface and one planting set pushed into the peat through each such opening.

All that is necessary after that is to keep the peat constantly moist and after the sixth week of growth to add just a little fertiliser to the water once a week. Both Pink Fir Apple and Ratte are late in maturing and if planted now are unlikely to be ready for use until September. There is no need to lift the plants even then. A few of the largest tubers can be removed with a trowel or, if in bags, even with the fingers, and the rest left to grow on until stopped by frost.

Arthur Hellyer

Peter Gillman on the wrong summit of Beinn an Dothaidh

Wrong-footed by a fit of mountain pique

***Peter Gillman** takes the Ordnance Survey to task over a mapping 'error' which cost him a Munro*

I NURTURED my grievance against the Ordnance Survey for almost a year. It was born last winter, when my son Danny and I set off up Beinn an Dothaidh, one of the Munros — the Scottish peaks over 3,000 ft high — to the Central Highlands close to Rannoch Moor.

It was to be our second Munro of the day. We had already used map and compass to climb Dothaidh's neighbour, Beinn Dorain, in a winter white-out, and upon returning to the col between the two peaks we contemplated the route up Beinn an Dothaidh. It appeared to pose a more complex navigational task, compounded by disquieting inconsistencies between the Ordnance Survey map and the description in our Scottish Mountaineering Club guidebook.

According to the OS map, Dothaidh's summit lay at the end of a ridge running due north from the col, with its height shown as 996 metres. The map showed a second peak, height unmarked, half a mile to the east. According to the guidebook, the map was wrong. It claimed that Dothaidh had not two, but three peaks. What was more, it was the middle of the three, not shown on the map, which was the highest, at 1,002 metres. We took the book at its word — it was, after all, the official guide to the Munros — and plotted our route.

The summit (ie the guidebook summit) lay on the edge of a barren plateau. We decided to follow Dothaidh's north ridge to the first peak and head due to the summit from there, relying mainly on our compass. We had been climbing for about an hour when suddenly the clouds enveloping us were torn apart by the wind. Before us was a magical panorama, all three summits rising from the summit ridge like beacons. It came as a moment of revelation: "like waking from a nightmare," Danny said.

Wa took a compass bearing in case the clouds returned, then headed across the plateau for the middle summit. In no time at all we were at the cairn, our success given added relish by the wind surging up from the glen beneath and the savage landscape beyond.

We noticed that the ground seemed to rise towards tha third peak to the east, but this is a common illusion in the mountains and we accepted the guidebook's assurance that we were in the right place. Two hours later we were savouring our success — and 48th Munro — at the Bridge of Orchy hotel.

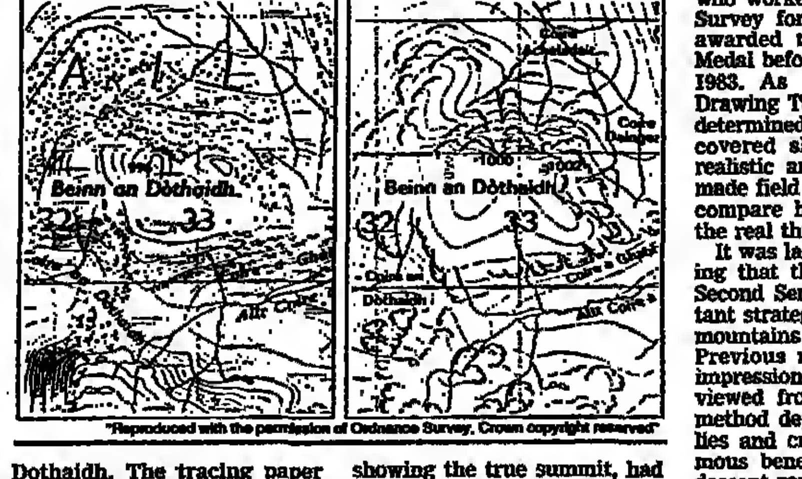
I had always wanted to confront the Ordnance Survey over their apparent error, and last month I did so. At the OS headquarters in Southampton, John Bigg, one of the mapping managers, listened to my story of the unmapped summit. Which map, he asked, had I beeo using? I produced it: sheet 50 of the First Series 1:50,000, also known as the Landranger series, pnblished in 1982.

Bigg uodded sagely and explained. The First Series 1:50,000 represented something of a compromise. It was the first metric version produced by the OS, converted from the old one-inch map, itself based on ground-level surveys dating back to the 19th century. But in the 1960s and 1970s the Ordnance Survey had conducted a complete aerial survey of Britain. It had since published a Secood 1:50,000 Series and Bigg produced the new sheet 50, dated 1986.

It still showed only two peaks on the summit ridge. But the western peak, originally 996 metres, had been upgraded to 1,000 metres. The eastern peak uow appeared to be higher, at 1,002 metres. So where, I asked, was the guidebook's middle — and supposedly highest — peak?

Bigg produced an aerial photograph and a sheet of tracing paper. The photograph had been taken from a height of 12,900 ft over Beinn an

Ordnance Survey 1:50000 1982 &1986



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Dothaidh. The tracing paper showed the contour lines of the mountain, transcribed hy an Ordnance Survey official — an "ohserver" — nsiug a three-dimensional machine known as a photogrammetric plotter. The middle peak was clearly to be seen. But, to my dismay, its height was marked as a mere 987 metres.

By now the awful truth had sunk in. The middle peak was not the highest, but the *lowest* of the three. We had not climbed our Munro.

While sympathetic, John Bigg defended the 1982 1:50,000 map. Previons larger-scale maps, such as the pre-metric six-inch edition and the post-metric 1:25,000, had in fact correctly shown the relative heights of the three peaks. In compressing that information on to the smaller 1:50,000 map, its compilers had merely decided to show the height of the eastern summit alone.

I objected that the compilers had been "economical with the truth," for their decision had implied that the eastern summit was higher than the western one. But in purporting to correct a small error the SMC guidebook had committed a greater one, particularly as the larger-scale maps, clearly showing the true summit, had been available to the authors at the time.

Certain lessons became clear. First, Danny and I should have heeded our instincts and trekked the final quarter-mile to the third peak, just to be sure. Second, it is foolish not to take the latest Ordnance Survey map available. Third, and most fundamentally, hill-walkers are best advised to use 1:25,000 maps, above all in white-outs.

Not to do so, in any case, is to forego one of the supreme examples of map-making. The 1:25,000 edition conveys, almost palpably, both the substance and feel of mountain terrain. Its precision is astonishing, with even large boulders precisely marked, combined with evocative represeotations of features like rock-fields and scree, enhanced through the bold use of hrilliant colours that render it a work of art.

It derives from what may now be seeo as a hravura period in the Ordnance Survey's fortunes. The history of the Ordnance Survey has all too often been one of battling against economies imposed hy Whitehall. But the 1:25,000 Second Series, launched in the 1960s, appears to reflect a more confideot and imaginative age.

Much of the credit is due to the redoubtahle Kathleen Vyse, who worked for the Ordnance Survey for 40 years and was awarded the British Empire Medal before her retirement in 1983. As head of the Rock Drawing Team, Miss Vyse was determined that the areas she covered should appear both realistic and "alive," and she made field trips to Scotland to compare her portrayals with the real thing.

It was largely at her prompting that the compilers of the Second Series made an important strategic decision to show mountains as seen from above. Previous maps gave only an impression of rock faces, as if viewed from below. The new method depicts individual gullies and crags and is of enormous benefit when seeking a descent route.

Such qualities stem from the commitment to excellence that has characterised the work of the Ordnance Survey from its origins at the time of Napoleonic Wars. The British army called for a map of potential invasiou areas and the task was given to the Board of Ordnance, based in the Tower of London and until then principally responsible for supplying the army's munitions and for maintaining military posts.

The Board's surveyors produced a one-inch map of most of England's south coast and the name "Ordnance Survey" became officially enshrined. The departmeot moved to Southampton in 1841 but it was not until 1983 thet the last formal links with the Ministry of Defence were abolished.

My experiences on Beinn an Dothaidh notwithstanding, the messurements made hy the Victorian surveyors have proved remarkahly accurate. Today's map-makers have of course the advantage of working from the photographs obtained during the aerial survey of the 1960s and 1970s. Most were taken from between 7,500 and 12,500 feet and overlap by 60 per cent. Wheo fed into a photogrammetric plotter this provides o stereoscopic image for the map-makers to trace. But the Ordnance Survey still has a retinue of officials out in the field who report the latest dctails of Britain's changing landscape.

Ironically, given the Ordnance Sorvey's military proveoance, its map-makers are irked when they are required to omit details on security grounds. By greater irony still, it has often been the Royal Ordnance itself — successors to the original Board of Ordnance — which has demanded this act of censorship.

Thus a railway line visible to motorists on the M5 near Bristol is uot to be found on the relevant shcet because it serves an ammunition factory at Puritoo near Bridgewater. The factory itself is also — literally — a hlank on the map. Although publicly guarded, Ordnance Survey officials may be beard to mutter, sotto voce, that they find the whole thing ridiculous.

Perhaps most ridiculous of all is the disappearance of the vost Fylingdales carly-warning statioo oo the North Yorkshire mcors, even though its distinctive golf-ball radar device can be sceo for miles. However, the Ordnance Survey has been negotiating improved security ogreements and the Puritoo railway line at least is now to be added "in due course."

Such omissions apart, once all the data has been gathered, printing the maps represents a further prodigious task of coordination. Ooe sheet may be compiled from 20 or more transparent overlays, each containing a separate class of information, such as contours, water-courses and place-names, and represented in turn by up to 15 colours, derived from hlack, yellow, magenta aod cyan (a shade of blue.) The pride of the Ordnance Survey in the final product is illustrated hy the fact that the initials of one of its compilers may be discerned, on sheet NN07/17 of the 1:25,000 edition, among the *buttresses of Beu* Nevis.

It may come as no surprise to learn that such artistry and pride is now considered unfashionable by some government circles, where the most alluring quality of the Ordnance Survey lies in its potential for being privatised. At Southampton, cost-effectiveness is now the watchword, profit the goal. Some OS officials privately admit that under its new constraints it would not be able to embark on a series of the quality of the current 1:25,000 edition today. Indeed, one manager is advising his staff, only half in jest, to salt away the maps as investments and mementoes of a bygone age.

As for Beinn an Dothaidh, Danny and I returned to the Highlaods in February, equipped with a pristine 1:25,000 map, sheet NN 24/34, copyright 1988. However, we were defeated in our attempt to regain the missing peak by a raging gale. Let it be recorded, therefore, that Munro oumber 48 has yet to be restored to its place oo the list.

Conservation

An elegy to English country churchyards

AT EASTER, we must think once more about the churchyard. Is there a best way to look after such an English phenomenon? Caring for a churchyard means practical theology.

To start at what it is not. A churchyard is not a private garden nor a public park. It might provide *leisure and* pleasure but they are not essentials. Most people come to tend graves, and for little more. That means that it does not have to look like park or garden, although unfortunately many churchyards contrive to do so. Extensive flower beds with municipal annuals are unnecessary, and so are birdbaths and shaved lawns. Even roses and shrubs may be excessive. But a seat is a comfort.

The churchyard is a *church's setting*. Although rare in town, in the country one can hardly conceive of a church without a churchyard. They are a delight to discover as they point up how a church differs from its surrounding buildings.

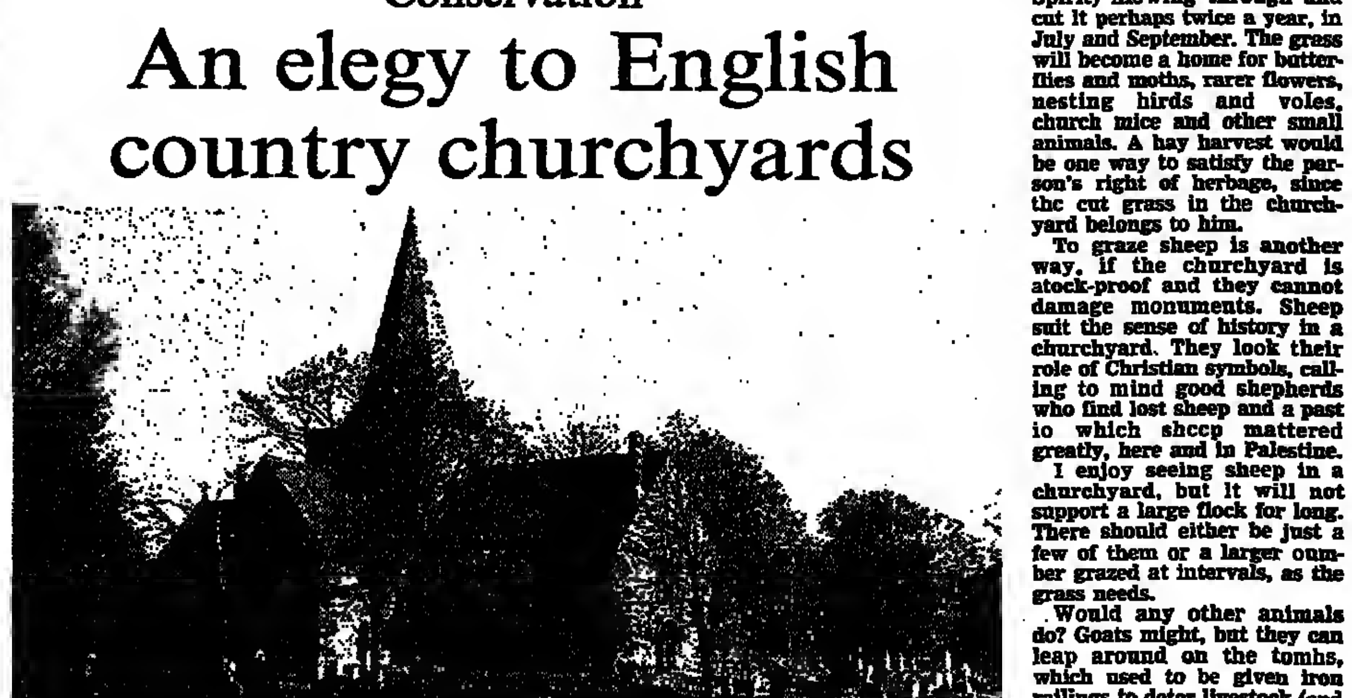
The prime duty of the church is not to be an ancient monument but a place in regular nse for worship. That makes the churchyard much more than an archive of parish history. *It has to be the place that demonstrates the immortality of the dead.*

The order, control and continuity that the ranks of gravestones symbolise help us survivors cope by showing how we want our own hereafter to look. The names with which the dead were christened, and their dates, are a comforting rsminder that each of us is unique.

Such attitudes underlie the fierce demand one encounters, especially from those who do not go to church, for burial in the churchyard — a vital paradox of post-Christian England. *Of course, it is a legal right*, provided the ground is hallowed and the churchyard has not been "closed" (which can happen nowadays by Order in Council because it is full). Otherwise, we all have the right to join the grave parade around the church. We do not have to be Church of England, or have a C of E service, or any service at all.

Grass is the natural thing between graves and over them. How is one to keep it and also respect the graves and stones that are the core of the churchyard? *It is sad to be so con*strained by the demands of mowing that all the stones have to be moved to the wall. It looks unnatural, and saying that the grass matters more than what is underneath it makes nonsense of the churchyard.

Another bad practice is levelling mound-graves — again, "to help the mower" — as they mark the parishioners in the parade who were too poor to afford a stone.



The English country churchyard: Alfriston in Sussex

Mary Terry

How then is one to keep the place trim? The close shave with a spindle mower does not suit; thet is park and garden stuff, and it encourages daisies and plantains. A better answer is to use a rotary mower and cut to a height of one to two inches. This looks neat and keeps a spring in the grass.

If done regularly, there is no need to rake up the cuttings. It is also ideal for daffodils and primroses and other wild flowers that will flourish only if mowing is not manic.

Another possibility is to let the grass grow longer until you can see the wind (the Holy Spirit) hlowing through and cut it perhaps twice a year, in July and September. The grass will become a home for butterflies and moths, rarer flowers, nesting hirds and voles, church mice and other small animals. A hay harvest would be one way to satisfy the parson's right of herbage, since the cut grass in the churchyard belongs to him.

To graze sheep is another way, if the churchyard is atock-proof and they cannot damage monuments. Sheep suit the sense of history in a churchyard. They look their role of Christian symbols, calling to mind good shepherds who find lost sheep and a past io which shccp mattered greatly, here and in Palestine.

I enjoy seeing sheep in a churchyard, but it will not support a large flock for long. There should either be just a few of them or a larger oumber grazed at intervals, as the grass needs.

Would any other animals do? Goats might, but they can leap around on the tomhs, which used to be given iron railings to deter livestock (and drunkards, body-snatchers and courting conples). Tether goats. Cattle may suit at intervals but, as The Churchyards' *Handbook* says: "Their dung is soft and copious." Geese are excellent grazers but can hissing and bite. And there is still the problem of dung.

If your churchyard does not have animals and you dislike wispy grass near the headstones, take shears. Going into Deddington church, in Suffolk, my wife met a woman holding shears. Just been clipping the parents, she said. The paths of glory lead but to the grave.

Gerald Cadogan

Disunited in the name of the Lord

On the eve of the Easter festival, Kevin Rafferty asks if the UK can claim to be a Christian nation

A FORMER Conservative Cabinet Minister once recalled the first time he was selected as a parliamentary candidate. The committee really had only one worry. They wanted to make sure that he was not a Roman Catholic – "because for the majority of Britons, there are only two religions: Roman Catholicism, which is wrong, and the rest, which don't matter."

In this Year of Our Lord 1989, it is a distinction that is fast diminishing as all Christian leaders talk about unity. But on the eve of Easter, the Christian Church's greatest feast, it is tempting to ask if these islands can properly any longer be regarded as a Christian country.

All the figures point to a steady decline in Christian practice in the UK. Most Britons may claim to be nominal Christians because they are hatched, matched or despatched attended by church ceremonies. But by the acid test of going to church merely once a week, the Anglicans can muster 1.1m believers. The Roman Catholics do better, claiming an estimated strength of just over 4m, but a spokesman admits that only a third go to weekly mass.

Since the war hundreds of churches have closed, some of them converted into offices or flats. The great Jesuit Church of the Holy Name in Manchester, for example, one of Victorian architect Joseph Hansom's (of Hansom cab fame) best monuments, is for sale. One prospective buyer wants to turn it into a nightclub.

As another measure of lessening British Christian commitment, there has been a rapid growth in non-Christian religions. The number of Muslims, for example, is growing rapidly. There are now more than 1m in Britain, or twice as many as practising Methodists and possibly as many as churchgoing Anglicans. Muslims also show a strength, fervour and indeed unity singularly lacking among Christians.

The controversy over Salman Rushdie's novel *The Satanic Verses* demonstrated Islam's ability to shake the establishment in a way that Christians failed to achieve with their protests last year over the controversial film The Last Temptation of Christ. Distinguished churchmen, including bishops, joined a chorus of campaigners calling for a revised blasphemy law that would protect Muslims too, even though Christians hold Islam to be in error about many of its beliefs about God. Cardinal Basil Hume, Roman Catholic Archbishop of Westminster, who had said nothing for months after the book was published, reacted to the Muslim protests by chiding Rushdie.

Christians are split many ways, between churches and within churches. The Church of England alone is clearly a mansion containing many rooms. At one extreme, High Church "smells and bells" and ancient liturgy are strangely alien to most practising modern Roman Catholics. Low churches can be protestantly simple and austere, forsaking ritual.

Christian churches have been talking about unity for years, yet they remain deeply divided. In the 1960s the Methodists were ready to unite with the Church of England, but the Anglicans rejected them. More recently, Anglicans and Catholics have been exploring their common ground. Cardinal Johannes Willebrands, head of the Vatican's Secretariat for Christian Unity, has said that "the one genuine Church of God is found in the Catholic Church," but "the Church of

'Christianity is not about freedom of choice. It is about love'

God extends, though lacking fullness beyond the Catholic Church." However, Catholics say that unity hopes have been dashed by the Anglicans' moves towards ordaining women priests.

Mark Santer, Anglican Bishop of Birmingham and co-chairman of the Anglican Roman Catholic International Commission (Arcic), sadly thinks that Rome is using the question of women as an excuse. "It's a message about conformity and the limits to pluralism, especially to the stroppy American Catholic women."

Other Anglicans see the issue of women priests as a small symbol. There are bigger, more divisive issues. The Rev John Moore, general secretary of the Church Pastoral Aid Society, representing the evangelical wing of the Anglican Church, points to major difficulties: the significance of the Eucharist and whether (as Catholics believe and Evangelicals don't) it is the re-enactment of the sacrifice of Calvary; the question of authority; and the role of apostolic succession and teaching, tradition and the Bible.

Bishop David Jenkins of Durham says that papal infallibility is an impossible stumbling block to unity. "Dear old Ayatollah Khomeini has brought that out quite clearly. There ain't no such thing as an infallible word of God or infallible church or infallible authority, and it is a disastrous notion that there is. Khomeini has demonstrated what is the logic of the notion that there is an infallible book with an infallible interpreter."

It is clear from these views that hopes of formal Christian unity are floundering and have probably foundered. Any unity proposals would split the

Spreading the word: top, Bishop David Jenkins of Durham, and Mark Santer, the Anglican Bishop of Birmingham

Church of England. The Anglo-Catholic wing clearly hankers for unity with Rome, which it sees as its true home after a long, painful exile. On the other hand, the Evangelicals and Protestants, representing 35 to 45 per cent of Anglicans, have their stern streak of individual conscience and feel themselves grown-up enough not to need the approval of the Roman parent.

Roman Catholic commentators also think that unity is not going to come soon. One Catholic academic says: "The problem is that this Polish pope isn't really interested in the Anglicans; he's got his eyes more firmly fixed on unity with the Orthodox."

Strangely, both wings of the Church of England see good coming from the Arcic discussions. Bishop Leonard of London talks of a new alignment "as massive as the Reformation." He predicts alliances "between the churches which accept the faith as revealed and given, and those which think they can modify it to successive generations, which, of course, means it has no permanence and it has no judgment, because primarily it is concerned to reflect the mores and culture of the day."

Bishop Jenkins of Durham has a different vision. He believes that Arcic is the last fling of an old order. He rejects the notice of a Rome-centred church, even expressing scepticism about the Pope as the *primus inter pares* among bishops. He goes further and calls for the end of the "male medieval Mediterranean model of the church" and would like to see a federation of Christian churches. He compares today's church to "an insect, like a caterpillar which is shedding its old skin, but hasn't yet taken on its new form." He argues for "local and regional unities of common believers who regard Christ as Lord in a world which regards their quarrels as unimportant and their faith as irrelevant."

Birmingham's Bishop Santer, spoken of as a possible

'All the figures point to a steady decline in Christian practice in the UK'

future Archbishop of Canterbury, rejects such a loose idea. "Christians are committed to the unity of God and the unity of His truth. You have got to have some means for coping with your quarrels. That's really what the issue of authority is about. I am very suspicious of acquiescence in indifference or mere toleration. That is selling the Gospel short."

Church leaders of all denominations believe that Christian churches have come a long way from the dark days when they had little contact. Among Protestants the Roman Church was mocked as the Scarlet Woman. Even 25 years ago Catholics were told on pain of sin not to go non-Catholic services. Today members of Arcic spend a lot of time praying together and go to each other's Eucharistic services.

Perhaps the more impressive change is the work done at local level by the churches together. An outstanding example is Liverpool, "a wounded city," where Archbishop Derek Worlock and Anglican Bishop David Sheppard have established a special caring. Bishops Jenkins calls their co-operation "an immense blessing."

Sceptics still question whether it is too little, too late, and point to the indifference with which most Englishmen regard *all* churches. Committed Christians of all denominations respond that the Church still has a vital role to play as the conscience of society. Christian organisations, such as Christian Aid and the Catholic Housing Aid Society, are instrumental in tackling vital social issues. Bishops like Jenkins of Durham relish asking the sort of questions about people and issues that society may prefer to forget about.

He says: "In the present climate it is our duty to battle against the idolatrous idea that affluence and consumption – if not quite greed – somehow define wealth. Human wealth must have material elements, but it should be much more closely related to the common life of society on the one hand and to responsible stewardship of the world and its resources on the other. Christianity is not about freedom of choice, it is about love."

Tales of dark deeds and arch-fiends

***Jonathan Sale** wallows in historical gore as he peruses chronicles of murder most foul*

THEY NEVER caught Rose Harsent's murderer. The Peasenhall Mystery, dating back to June 1902, remains unsolved. Rose's lover, William Gardiner – Holy Willie, as the carpenter and choirmaster was known to Peasenhall wits - had everything to gain by the girl's death; she was pregnant and he was already married. Was be responsible for the jagged gash across her throat?

Two juries in two trials failed to reach a unanimous verdict and he was set free, although with e stain on his character. A local vicar came up with the charitable theory that the death was, in fact, an accident caused by Rose falling heavily onto the glass of a lamp in her hand.

Tha theory is possible but no more than that: this is the verdict of *The Murder Club Guide to the Eastern and Home Counties*, just published by Harrap at £5.95. "It is the addition of one more to that long list of undiscovered crimes, the stories of which no man has been able to read truly."

The guides provide "true tales of dark deeds and arch-fiends" on a county-by-county basis. Suffolk is rich in historical gore. Compared with the "classic" killings, the Peasenhall Mystery was small beer. It was put in the shade by the Murder in the Red Barn, which placed Polstead on the map in 1827. The killing of Maria Marten by William Corder led to a trial, conviction and execution and then to a play, sermons and even ballads that were, in their own way, as diabolical as the original misdeed.

They never got the perpetrator of the Ballad of Emma Rolfe, one of the nastiest pieces of doggerel that I have come across in all my years as a judge of bad verse: "He then cut her throat with a razor so keen/The poor woman's blood on the pathway did stream." Instead, they got a confession out of one Robert Brown, who wielded the razor against Emma in 1876 on Midsummer Common in Cambridge. I am glad I did not know that when I lived near there as a student.

Brian Lane, the Guide's editor, is by no means bothered that a murder was once committed in the churchyard at the bottom of his road in south London. Some people collect jam-jars; he collects killings. He also collects members of The Murder Club: 400 of them at the last count. For £25 (sent to 35 North Audley Street, London W1) they receive its macabre badge, a certificate of membership decorated with death figure plus scythe, and a bulletin bringing a round-up of homicidal matters. They also have a chance to construct their own "Cabinet of Crime" to contain re-prints of deathly documents.

For a man steeped in centuries of (to quote the Guide's index) "hanging in chains" and "throat cutting" and "pressing to death" and "dismemberment" and "bludgeoning," Lane is oddly sane. To anyone looking for a psychopath, he is a complete disappointment. For one thing, he is against capital punishment: see the section

called "Hanged in Error." For another, in the 1960s he used to run a travelling theatre company under the name of Rainbow Day, Brian Lane and the First Dream Machine, which is not the mark of a gloomy obsessive.

Is his a morbid interest? He pleads not guilty. "Man's blacker side has been the stock-in-trade of story-tellers since time began. It is the same kind of interest that is shown in acts of heroism; people are put to the supreme test.

"Murder is the ultimate crime. As far as anyone can be pushed. If one accepts the premise that people are more likely to be murdered by members of their own family, then one is looking at the structure of human relationships. With bank robbery, one is only looking at need or greed."

He believes that changing laws and social conditions mean the "classic" murders of the past would not be carried out in tha same way today ("If, in 1910, our relaxed divorce laws had existed, I wonder whether Crippen would have had to kill his wife"), and that the abolition of hanging has taken some of the drama out of murder trials. Today, there are no great barristers around to match the legendary Edward Marshall Hall (who is resurrected in the present BBC2 series, Shadow of the Noose, on Wednesday

Says Lane: "The Victorians were known as the great poisoners, particularly as users of arsenic. Why? Because of the range of products from cosmetics to sheep-dip containing arsenic. There was enough arsenic on a farthing fly-paper to kill an army. But today, I can't think of a recent arsenic case."

Bibliophilia

Of beasts, breasts and spitting serpents

THE WORLD changes so rapidly nowadays that you have to replace your guide-books every few years. Nowhere is this more true than in the countries of the Far East, which are being transformed constantly. The unchanging East was probably always a misconception, but the Western images that seemed typical even 20 years ago are already as remote as the Singapore of Raffles or Maugham.

In former centuries, travel writing enjoyed a longer shelf life. The early voyagers who rounded the Cape of Good Hope were not in search of pleasure but of profit and of its pre-requisite, information. Their accounts of their experiences were picked-over assiduously by rivals and successors. They also helped to fix impressions in the minds of the countless thousands who never left Europe but who allowed their sons to serve in the private armies and navies of the trading companies. These books were the links between the expansionist empires of Europe and the societies of Asia and Africa which, shortly, they were to subjugate.

One of the most remarkable and enduring was *Voyages and Travels to the East Indies* by Johan Nieuhof, a Dutchman. Published first in 1682, it was already somewhat out of date, since it described voyages that took place between 1653 and 1670. Translated into English in 1704, it was still being reprinted as a useful source book in 1806 when the British had displaced the Dutch as the major power east of Suez.

It has now been re-issued as a handsome facsimile by Oxford University Press as part of its strangely-named Oxford in Asia series. Published in Singapore and printed in Malaysia for a world market, the book is itself an example of the changing nature of the Far East trade. The price in UK is £50.

Nieuhof spent 16 years in the service of the Dutch East India Company. Earlier, he had taken part in an expedition to Brazil, where the Dutch found the Portuguese too strong, and he attended the first embassy to China in 1655. But it was the countries of the Indian Ocean that he knew best. His book is concerned mainly with the peoples, plants and animals he encountered at the Cape, along the coast of India and, particularly, in the East Indies.

The book was edited by his brother from notes and drawings after Nieuhof was killed during a voyage to Madagascar, and it contains invaluable ethnological information about the peoples of the East in the early years of the European impact. Nieuhof was a plain man with a soldier's eye for the facts. There are no anthropophagi or men whose heads do grow beneath their shoulders, although I wondered about the women of South Africa who were said to hang their breasts over their shoulders. Everywhere, there are fierce wild beasts to be hunted, eaten or killed for sport. The mice are as big as cats and the serpents spit fire. The book is packed with enticing illustrations reproduced from the original engravings, considerable works of art in their own right.

But if love of the exotic took some Europeans to the Indies, the men who financed the voyages had a clearer objective. I do not know if pepper has any effect on salmonella or listeria but, at a time when meat was kept for months without refrigeration, pepper made it less disgusting to eat. Nieuhof's book contains loving descriptions of the spice islands and their marvellous fragrant plants.

Nutmeg and cloves were more valuable than pearls. When Nieuhof made a conquest, either from the Portuguese or from a native ruler, he insisted that an absolute monopoly of the pepper trade should be granted to the Dutch company, destroying without a second thought the livelihoods of local traders and their partners along the old land route.

The technological gap between Europe and the East was not as wide as it was to become in the 18th and 19th centuries, and the superiority of the invaders in weapons was not always overwhelming. Early imperialists were matter of fact in their dealings with the natives. There is nothing here of Europe's civilising mission or of the sense of stewardship that was later to soften the exploitative nature of the relationship. Nieuhof's book is full of sieges and slaughters, burning of cities and taking of slaves, all recounted in the satisfied tones of a military communique. It never occurred to him that any higher justification than success might have been expected.

The Oxford reprint contains an introduction by Anthony Reid.

William St Clair

Wine

Surprises in stock

***Edmund Penning-Rowsell** samples 'vertical' vintages*

UNTIL THE late 1960s "vertical" tastings – an ascending vintage range of a grower's or merchant's wines – were virtually unknown except for port. Today, they are much more common. Often surprisingly, they may show certain vintages of a wine less good than the year's general reputation would imply, but more often they can reveal an unexpected longevity.

Three "verticals" attended recently included some noteworthy bottles. The first was a selection of a considerable run of vintages from the cellars of the distinguished Rioja firms of the Marqués de Murrieta. The tasting took place the day before they were to be sold at Sotheby's.

Although old Riojas may be found occasionally, they are mostly sold young, the reserva having a minimum of four years' age. Until their new-found international popularity in the '70s, old vintages could be found on bottle neck-labels. They were more like soleras, with the wines kept in large casks and refreshed after being drawn off for bottling and sale.

This tasting included four white Rioja vintages and eight red. The notes here also give the prices made at auction the following day, usually in three-bottle lots.

White: 1950 Reserva – orange tinted, fine old oaky, fruity nose, not much flavour (£170 for three bottles); 1936 – smoky nose, more flavour than the 1950, dry with some bitterness, but surprisingly well preserved and drinkable (£200 for three); 1926 – deeper coloured, but less aroma than the 1936, an old-tasting wine with a hint of apples (£320 for three); 1925 – deep colour, vanilla, oaky bouquet, maybe slight decay but much more body than the younger wines, and certainly the best, as the price subsequently confirmed (£910 for three).

The reds had lasted better. Red: 1943 – very brown colour, dry nose, but some fruit underneath (£260 for three); 1938 – fine old claret nose, and fair flavour though showing some decay, but fetched the top price (£2,200 for six); 1935 – very brown-coloured and it tasted well over the top (£200 for three); 1930 – brown, not much nose, light but surprisingly fruity for age (£180 for three).

1948 – distinctly brown, oaky but agreeably sweet (£280 for three); 1919 – more colour than 1930, with some decay on the nose, but enough body and flavour (£360 for three); 1917 – good colour for 70-year-old wine, more colour than expected, nice fruity bouquet and good flavour (£1,000 for three); 1900 – an amazing wine. No more brown than the others, with fine old claret nose. Elegant, with plenty of fruit, balance and long taste. Held up well on a later taste. The best, most interesting wine and relatively under-priced (£900 for three). (At such ages there is likely to be a good deal of bottle-variation.)

■ ■ ■

No port shipper has a greater réclame than Taylor, and in this vertical it was showing not the longevity of its wines but comparisons with its "declared" vintages and the single-quinta Vargellas wines it began marketing in the late 50s: eight of these and 10 customarily blended declared years. The former are only produced in what, somewhat inaccurately, may be called "off-years."

The wines were served in strict date order, starting with

the youngest so far declared.

1985 – in a young vintage port one looks for hardness, firmness and tannin to provide backbone and covering for the sweetness of brandy-arrested wine. This had it, with a very closed bouquet, huge colour and very young, dry tannic flavour. 1983 – slightly lighter in colour, but still very deep. More sugar on nose, more "together" and likely to mature fairly quickly.

1980 – surprisingly, this had more colour than the 1983. Tannic nose, a taste of dates. Big, backward, long taste. Fine wine, that should develop slowly. 1978 Vargellas – fairly light, not a great deal of character and somewhat unresolved. 1977 – rich, still very closed on nose. A strong wine with lots behind it in a classic vintage. 1976 Vargellas – much more character than the 1978, and should continue to mature for several years.

1975 – very light colour. Lacks depth of flavour and distinction. Fair drinking now. 1974 Vargellas – elegant nose, ready to drink, a charming wine, recommended for current consumption. 1972 Vargellas – lacks nose and fruit. Past a best that was probably unremarkable. 1970 – colour showing good development. Nose rather spirity, with closed flavour. A big wine for the future. 1969 Vargellas – fruity on nose and taste. Delicious to drink now.

1967 Vargellas – light colour, good body, a very agreeable wine that may still improve. 1966 – Good colour, fruity aroma. Still a good deal behind it, but reasonably mature and drinkable, should still develop. 1965 Vargellas – fine bouquet, elegant wine, beautifully balanced. For me the best Vargellas shown. 1963 – this famous vintage showed its quality: a still powerful wine, emphasising the contribution of the brandy, but not spirity. Not yet fully ready.

1964 Vargellas – big colour for age. Still plenty of fruit, and not excessively spirity. Good. 1960 – brown tinge, some spirit showing. To be drunk. 1955 – lovely rich, complete wine of quality and style. Seductive now but no need to hurry to drink it up.

Taylors says that Vargellas should be ready after eight to 10 years but, for me, this tasting indicated a considerably longer life would be preferable.

■ ■ ■

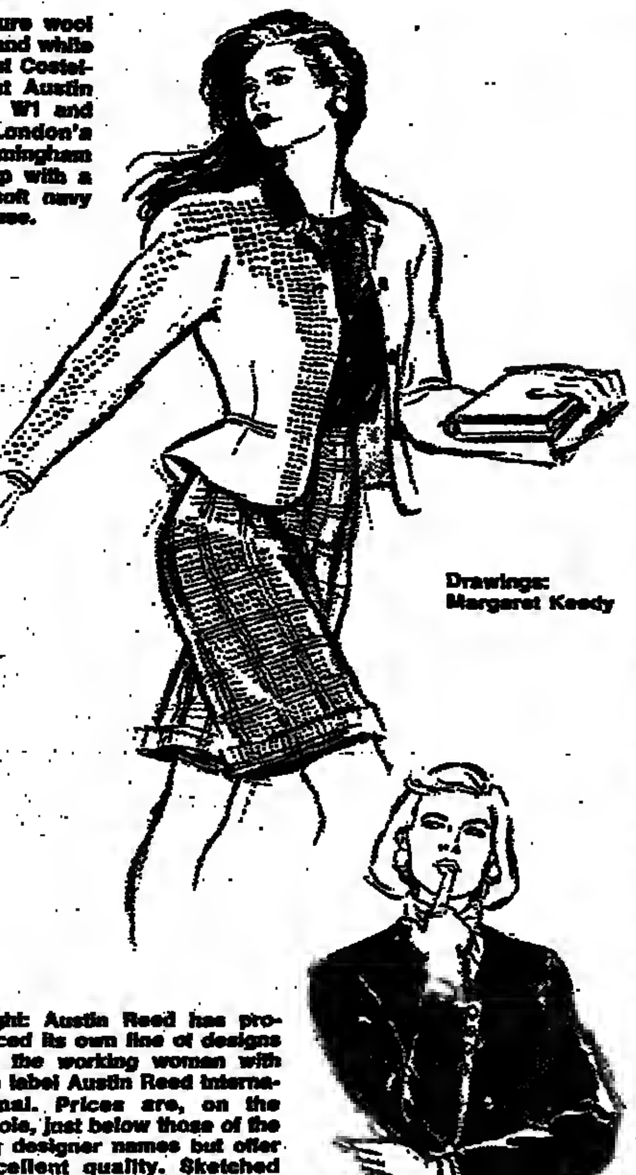
The third tasting was perhaps the most remarkable: a range of 13 Thorin Moulin-à-Vents from 1985 to 1945 mostly from single vineyards.

Influenced by the annual outpouring of Beaujolais Nouveau, it is a common view that all Beaujolais should be drunk as soon as it is available. This is supported by the fact that at least 80 per cent is fermented by the *macération-carbonique* process in which, under a blanket of sulphur, the grapes in the vats burst under their own weight and undergo a fermentation that makes light, early-to-drink wines. But some of the *cru* wines, generally headed by Moulin-à-Vent, are fermented in the normal way and given time in cask – with Thorin's up to 18 weeks.

The vintages showed as follows. 1987 – not big colour, fair aroma, oaky, not ready. 1986 light, fair nose, but not much to it. 1985 – more colour, more fruit, excellent, well-balanced wine. 1983 – light, past its best. 1982 – good colour, fine, oaky nose, full-bodied with a Côte-d'Or flavour, concentrated, very fine. 1976 – some aroma but little character left, drinkable but fading. 1967 – good colour, elegant, fine, long taste. Well-balanced and surprisingly fresh.

1964 – brown colour, but lovely bouquet. Good fruit but acid end. 1962 – brown colour, rich, fruity Pinot nose (although a Gamay wine). Flavour comes out of the glass, rich and remarkably well preserved. 1957 – brown-edged, some wood on the nose, still all there but ungenerous flavour. 1949 – lovely bouquet of roses, delicate flavour, an old, gentle wine.

1947 – Beaujolais' greatest post-war vintage. Very concentrated aroma and deep flavour. Sweet on the palate, an exceptional wine if not very Beaujolais-like. 1945 – very good colour for age. Still showing some tannin and, though perfectly drinkable, lacks the charm of the 1947.



Right: Navy and white checked pure wool jacket (£230) worn with navy blue and white checked shorts (£150), both by Paul Costelloe from Options departments at Austin Reed, 103 Regent Street, London W1 and Options branches in Leeds, London's Cheapside and Knightsbridge, Birmingham and Edinburgh. Can be crisped up with a cotton shirt or softened with a soft navy blue and white spotted chiffon blouse.

Drawings: Margaret Keedy

Short shock

SHORTS ARE coming off the beach and the tennis courts, out of the countryside and the mountains to stride about the city. Needless to say these are shorts with a difference.

Nothing too short or vulgar, no floppy towelling or glistening polyester but carefully tailored long Bermuda-like shorts, in Prince of Wales checks, pure wool or fine gaberdine.

Last year shorts made a tentative appearance in the more formal world of the city street and the office but, though designers had shown them everywhere, it was only the brave few that took them up. This year they are everywhere.

If strictly cut in suitably formal fabrics and worn accompanied by city-smart jackets they look perfectly at home behind the computer terminal, at the office desk, at the working lunch. They look newer, fresher and jauntier than the classic city businesswoman's suit but the key to giving them an appropriate air of formality and ridding them of any hint of the sporty or the provocative is to team them with thick cotton or lycra tights in a matching, *not* contrasting, colour and to wear them with flattish matching dark pumps – high heels with shorts simply look tarty.

This year there are city shorts all over town – from top designer names like Karl Lagerfeld, Paul Costelloe, Armani and Yves St Laurent to Escada, Nicole Fahri and Ally Capellino.

LvdP

Right: Austin Reed has produced its own line of designs for the working woman with the label Austin Reed International. Prices are, on the whole, just below those of the big designer names but offer excellent quality. Sketched here is the ARI interpretation of the shorts look for summer – navy and white checked cotton cuffed shorts (£69) worn with a plain navy jacket jacket with gold buttons (£299). In Options departments at Austin Reed in Regent Street, Knightsbridge and Edinburgh.

From Thomas Burberry, puppytooth cotton Bermuda shorts with turn-ups (£40), worn with a needlecord jacket with a half belt (£140). He wears a navy wool blazer (£150) and loosely cut cotton drill trousers (£50). Thomas Burberry shops are at 165 Regent's Street, London W1, in the Haymarket, London SW1 and next to The Scotch House, Knightsbridge, London SW1.

The problems of being too rich

Could you handle the odd million or so without too much aggro? Lucia van der Post visits a support group for those who have a little more difficulty

IF YOU earn your daily crust the hard way you may find this hard to believe, but there are people in this world who find that being rich can be a big problem. *Most of us can understand* that being mega-rich like, say, Croesus or Onassis, might bring a few troubles in its wake, but surely, I can almost hear you say, we could all handle the odd million or two without so much as a sleepless night.

Of course, some wear their wealth easily. They are dab hands at enjoying it, using it, investing it and even giving it away. Others – possibly because they have inherited their money and therefore feel guilty for not earning it – find that wealth brings its own set of, if not problems, then responsibilities.

These people, it is true, *tend* to be among the more thoughtful, the more caring, the more sensitive types. They believe that money *can* be used creatively and constructively, and they want to learn how.

What they most need is a support group – a group that will help them make their money a force for good, both for themselves and for others, a group with which they can share problems, exchange information and discover creative ways of giving some of their wealth away.

If you have either inherited more money than you feel is quite right, or have found that the Thatcher years have been good to you and you are now in a position to put some of it back into the community, you might like to know about an organisation called Network.

Network is a support group at which you can "come clean" about your wealth. As one member, who inherited a great deal of money very young and felt very guilty about it, put it: "None of our friends know we are rich. Coming to Network was for me almost like a gay person 'coming out.' At last I could talk about it."

The Network brochure describes its purposes admirably. "Having surplus wealth presents enormous opportunities and challenges to use it to make the world a better place – and at the same time brings burdens of responsibility and guilt. The founders of the Network for Social Change realised that by bringing such people together, a huge reservoir of energy and experience can be tapped.

People with wealth and social consciences can, by *working together, do far more* than they can as individuals. In addition the possession of wealth can bring problems such as isolation and a feeling of not knowing what direction to take – or whom to share the problems with."

At the moment some 50 people are involved with Network. They come from all sorts of backgrounds and families, and are all sorts of ages. Some are quite young and, having inherited money early, find it alienating and disorientating to be so differently placed from the rest of their peer group. Others came into money later in life, didn't have the first idea of how to cope with it and are in search of practical help. Yet others have, very cheerfully and proudly, made money on their own and now want to find ways of using it to best effect. What they all seem to have in common is an enormous enthusiasm for giving it awsy – not necessarily or indeed usually all of it, but small portions that they really believe will help others less well placed.

Perhaps the best advocate for Network's aims is Prue Hardwick, whose father owned The Lygon Arms hotel in Broadway, Gloucestershire. When her father sold the hotel, she woke up to find that instead of having to watch the pennies like everybody else, she and her husband suddenly had more wealth than they had ever dreamed of.

"We were shell-shocked. It was such a change. We wanted to make sure that we used the money well, so we needed to discuss things with others in a similar position, who had had experience of money and what to do with it. We needed a good merchant banker, a good solicitor; we needed to know how to make trusts. We needed to discuss with others how it might affect the children. After all, we only got money when we were grown up, so we didn't know what it meant to grow up with money.

"We have made tremendous friends through Network – it's not only supportive, it's great fun. We take the children to the twice-yearly weekend conferences and they love it. Above all it has provided us with a way of funding projects that we really believe in. We can see what happens to the money we give.

"For example, my husband Andrew has got very involved in a project at the Women's Centre in Castleford, which grew out of the Women Against Pit Closures movement in the coal mining industry. The place is marvellous, it buzzes all day long with 200 to 300 miners' wives taking classes in basic literacy, studying literature, organising workshops in computer studies, expanding their horizons in lots of different ways. We visit it whenever we can and it makes us feel very humble to see what goes on there. Tools for Self-Reliance is another project we got involved in. It refurbishes tools to send out to certain Third World Countries. We're also very interested in projects for rain forests."

Another member is Dick Mosse, a successful businessman who, when he sold his businesses, decided that he wanted to do something more positive and interesting with the money than just hand it over to established charities. "I wanted to feel my money was really making a difference."

For this reason Network concentrates on small projects in three main areas – Peace and Preservation of the Earth, Health and Wholeness, and Human Rights and Solidarity. Network tries to ensure that small amounts of money are used effectively. It does this by providing "seed" money for small, new projects and by drawing on the experience of the successful entrepreneurs in the money than just hand it over to established charities the group, such as Dick Mosse, to make sure that all the funds give greatest possible value.

If you are interested in joining the Network, write to the administrator, Jo Witney, 143, Holland Road, London NW10 8AX. Membership costs just £50 a year, but each member must be worth at least £250,000 over and above the value of their home, they must already be giving away or be willing to give away at least £2,000 a year, and they must be "prepared to look at the personal implications of possessing wealth."

Sandie Ennis started her rug business with £2,000 from The Prince's Youth Business Trust. Ring her on 01-401-2339

■ The desire to see a connection between the money one gives and the real difference that it can make to disadvantaged people or communities is very human, which is why these days many believe that charities are more beautiful when they come small.

Those who believe in giving their biblical tithe to smaller, more intimate projects might like to consider The Prince's Youth Business Trust, which has helped some 5,000 small businesses. With grants of as little as £1,000, unemployed or otherwise disadvantaged 18- to 25-year-olds are helped to set up their own businesses – which for many is the only way out of a dreary cycle of unemployment, drudgery or even crime.

Most of the projects funded by the Trust are those that people can relate to immediately. There is a small photographic company (Cloud Nine) that has developed less expensive ways of taking aerial photographs of your home than using a plane; there's a one-woman ceramic business run by Catherine Abbatt, who makes boldly decorative bowls, vases and platters; there is a one-woman, hand-tufted carpet business run by Sandie Ennis, whose one-off exclusive rugs now sell in galleries around the country. If these are the kind of projects you'd like to help get off the ground, write to The Prince's Youth Business Trust, 8 Jockey's Fields, London WC1R 4TJ. Tel. 01 430-0521.

■ When you next buy a card, think of charity cards. Many people buy charity cards at Christmas – some 10 per cent of Christmas cards are bought from charities – but once the festive season is over sales fall dramatically. Unicef has just launched a campaign to remind the public that charities sell cards all year round; that they can be bought from hundreds of ordinary card shops; and, in the main, they are cheaper than commercial cards.

Unicef has worked out that the charities' 10 per cent slice of the Christmas market brings them £17.5m. If they had 10 per cent of the *whole* market they would have an extra £31.5m to spend on their projects.

Broilers just ain't what they used to be

But Peter Lewis still has exotic and oriental thoughts about chicken tikka

I SHOP every day and I always congratulate myself privately, even secretly, if I don't buy a chicken; so cheap, so available, so easy and so versatile. But what would my mother have said? For her a chicken was a special treat, perhaps for a special Sunday lunch or a bank holiday. Nowadays you buy it in joints – six drumsticks, four breast fillets, or whatever. *It's treated so casually by the* supermarket.

Everybody knows now that the chickens are treated very scurvily in order to give us cheap poultry. But do the broilers for eating fare worse or better than laying hens?

Not much in it, apparently. Everyone has become so convinced that chicken is such lower-class cheap food that nobody ever offers chicken any more on any kind of posh occasion.

Coq au vin, poulet au vinaigre, chicken satay, bang bang chicken; these may find their way onto the tables of the west, but when were you last offered roast chicken, *tout simple*, as a main course?

The broiler industry offers us chicken by the thousand, by the million, at a knock-down price. Only a fool could ignore *this torrent of cheap meat.* But I find most birds are a bit small. A roasting chicken ought to be about 4 lbs but many are only about 2½ lbs – you can braise them, baste them, inject them, skin them, joint them but they are still just about enough for two and nothing left over.

It has always been thought a mark of quality in British chickens that they should be white. Not necessarily white feathers, but definitely white flesh so poulterers (ah, poulterers!) often used to dust them with *flour to enhance the* effect.

A few years ago, when these pallid, etiolated birds seemed to suggest the chilly regime of the broiler house, came a fashion for the maize-fed bird with yellowed skin and fat suggesting the free run and the country lane. About this time I *knew* a man who was in the "agribusiness" and who was concerned with setting up *poultry farming units in West* Africa. He told me then that he could provide chickens to about the same size which were yellow or white according to customer's requirements and unaffected by diet. Genetics, he said, were all. I believed him.

I cannot think of any cuisine that does not make wide use of the chicken. I am very partial to chicken tikka. I have never *made it myself and have there*fore never unlocked its mystery which is that it makes me hallucinate. Not very seriously and not during my waking hours, but exotically complex oriental dreams always follow chicken tikka. I believe I am not alone in this.

The best chicken I have ever eaten (fancy remembering) was a simple *poulet à la creme* at the Chapon Fin at Thoissey in the Beaujolais. I imagine nobody goes there much now that there is an autoroute to Lyon, but it used to be a famous stop on the Route Nationale. It was (is) one of those places that represent the very peak of simple, generous French cooking. The chickens there are from the Bresse, highly praised, rigorously controlled, white-breasted and blue-footed : Europe's last stronghold of the proud-to-be-plain chicken. But, you protest, it wasn't plain, it was swimming to cream. Yes, but that counts as plain to me, because the flavour was predominantly that of chicken, and the quality of the bird, so chubby and tender and full of flavour was the whole point of the dish. This was back in the Fifties, at just about the time that Colonel Sanders of Kentucky was beginning *his missionary* work on behalf of the chicken.

Nowadays, chicken is very rarely your main course in posh French restaurants. The kind of roasting chicken or broiler you get in the supermarket is the poulet or pullet. The OK chicken which gets taken seriously by French restaurant chefs is the poularde: a female which has been neutered so, instead of turning into a stringy old egg-machine, she devotes her life to contented self-fattening and relaxation. This produces a large amount of pale succulent flesh. This becomes the *Poularde braisee à la creme d'estragon* which has so thrilled Bernard Levin (and me) at the Auberge du Pere Bise at Talloires. Or truffled in a pig's bladder at Bocuse, at Pic or chez Point. None of these temples of gastronomy will offer you an ordinary pullet any more.

One of the great classics of French chicken cuisine which is still turned out by these fine fellows is the *Poularde à la d'Albufera*. This dish is about as Spanish as a *poulet a l'Indienne* is Indian and it owes its *fine Spanish title to one of* Napoleon's marshals, Suchet, who was created Duke of Albufera after some successes in Spain. Wellington kicked him out and was awarded the Albufera revenues, but Suchet kept the title and France kept the recipe. It's very good and very rich with foie gras and truffles and Madeira as well as a bit of pimento to represent its Spanish credentials. But it is still primarily a *dish of chicken* at its best. I don't know of anyone in Britain who troubles with this kind of thing anymore.

One of the complaints most consistently made about the cheapest kind of frozen broiler chickens is that their diet of fish-meal gives their flesh a fishy flavour. I suppose one thing you can do with such a *bird is to use it in one of those* recipes designed to exploit the natural sympathy between chicken and fish.

I am not thinking of *poulet aux écrevisses* which is one of the world's most subtle and delicate dishes. Paella? Prawns and chorizo sausages are there with their strong and assertive flavours, so why should the chicken be so virginal? Perhaps the real answer is that you shouldn't have bought such a cheap and abused chicken in the first place, but it's a chance for you not to worry about fishy flavours.

Perhaps you are worried, not *about fishy flavours, but about* salmonella. I have steered clear of salmonella all these weeks because some readers might suppose I know something about it. Like most people without a grounding in microbiology, I speak with ignorance but I do believe that salmonella is killed by cooking. Unless you eat chicken raw or lick your fingers while cutting it up, you should be all right. If you are foolish or stingy enough to buy a frozen bird, thaw it out before you do anything else.

For happiness and harmony

Philippa Davenport chooses a soothing dish for Easter

CHICKEN AND lamb are the traditional meats for Easter celebrations and most of us are more than happy to have them simply roasted in the classic fashion. The only trouble is that the first of the new season's lamb comes with a pretty inflated price tag, and not many butchers stock the sort of flavoursome bird (free-range and properly hung after slaughter) that you need for a memorably good roast chicken.

Roast chicken also calls for lashings of butter to cook the skin to a crackle of gold. Distressing numbers of people these days give a faint shudder at the thought of so much cholesterol, while the rest of us feel a mite repelled by the way the health lobby disdains that luscious, golden skin, stripping it from the lean white meat and pushing it to the side of the plate as though it were some tasteless garnish.

If the Easter feast is to be a happy and harmonious occasion this year it might be wiser to choose a less contentious dish, perhaps. I suggest this aromatic and soothing risotto as a peace offering acceptable to all.

It is relatively low in fat, which ties in with the healthy eater's call for less meat and more fibre in the diet. Yet there is no hint of Lenten penance about it. This is a celebratory dish, fragrant and full of the fresh tastes of spring.

It is also good news for the cook who is reluctant to spend long hours tracking down a shop selling splendid, organically reared birds: this is not a "chickeny" chicken dish, as roast chicken is, so the recipe works perfectly well using bland and convenient supermarket chicken portions. On the other hand, it IS worth using bone-made stock, not a cube, if you can.

This risotto is not too arduous a dish to cook at the end of a long day's outing, particularly if you have organised and weighed out all the ingredients beforehand, but I think that it makes a particularly pleasing choice for lunch. Then I serve no first course but simply follow the risotto with a generous green salad and cheese.

I round off the meal with something light and fruity – such as pears baked in a light lemon syrup, or a compote of pink forced rhubarb scented with orange zest and a drop of orange blossom water, or a thick cold puree of tart apples served under a veil of Greek yoghurt and finished with a scattering of cinnamon fried breadcrumbs or a grating of chocolate.

Chicken risotto with orange, olives and pine nuts

(Serves six)

1 lb 2 oz arborio or risotto rice; 1 lb chicken breast fillets (skinned and boned weight); four oranges; 3 oz small black olives, preferably sweet ones that have been steeped in olive oil; 3 oz pine nuts; thyme, bay leaves and garlic; a little olive oil; about 3½ chicken stock.

Cut the chicken meat into quills. Put it into a dish and sprinkle over it the finely grated zest of one of the oranges, a couple of finely chopped garlic cloves, the leaves stripped from, say, half a dozen sprigs of thyme (preferably lemon thyme) and a coarse grinding of pepper.

Pour on two generous tablespoons of olive oil, add a couple of bay leaves and toss gently to mix well. Cover and leave in a cold larder for one to eight hours.

If the olives have been steeped in brine, rinse them well to get rid of the bitterness and pat dry. Lightly toast the pine nuts in a dry frying pan to bring out their flavour and reserve separately.

About half an hour before you plan to serve the risotto, bring the stock to simmering point. Squeeze the juice from all four oranges and grate the zest from two of them. Warm a spoonful or so of olive oil in a large, heavy-based pan and stir the rice in it over low heat until the grains glisten.

Add the juice and zest of the oranges and cook gently, stirring occasionally, until the rice has absorbed most of the juice. Add a bay leaf, a little thyme and a generous ladleful of simmering stock to the rice pan and continue cooking gently. Stir lightly as necessary and add another ladleful of stock each time the previous one has been absorbed. After 15 to 20 minutes cooking the rice should be ready: creamy and tender with just a hint of bite to the centre of each grain.

When the rice is almost ready, heat a large frying or saute pan. Film it with olive oil and when the oil is hot add the chicken and its marinade (minus the bay leaves). Saute over moderate heat for three minutes or so, shaking the pan and stirring as necessary to cook the meat through and to gild it in places.

Season the chicken with salt, then tip the contents of the pan on to the hot, freshly cooked rice. Use a plastic-bladed spatula to scrape every drop of flavoursome chicken juices from the frying pan. Add the olives and pine nuts. Check seasoning and toss gently but thoroughly to mix all the ingredients well.

ARTS

Grandeur and pathos Moscow style

Arthur Jacobs finds rare Rimsky at the Bolshoi and rare Handel at the Moscow Chamber Opera

IN WESTERN perception the Bolshoi Theatre so dominates the Moscow musical scene that the visitor usually neglects all else. Yet I count the production of a Handel opera, *Imeneo*, by the Moscow Chamber Opera not less remarkable than the Bolshoi's current production of a Rimsky-Korsakov rarity, *The Tsar's Bride*. And the irritation caused by tourists popping their photo-flashes in the course of a Bolshoi performance is not duplicated at the smaller, lesser-known theatre with its more musically-minded public.

The Tsar's Bride, a serious historical opera, is in a vein quite different from Rimsky-Korsakov's *Christmas Eve* or *The Golden Cockerel*, both with strong elements of fantastic comedy. The comparison is rather with Musorgsky's *Boris Godunov* – a comparison brought home when the traditional "Slava" (Glory) tune familiar in that work is thrust forward in *The Tsar's Bride*, the Tsar being Ivan the Terrible and the year 1572. Rimsky evokes less grandeur, but in tuneful pathos and characterisation this rarely fails.

Why, then, is the work rarely mounted? The plot lacks focus. The heroine, Marfa, sought in love by two men from her own circle, but selected because of her beauty to marry the widower Tsar, is presented less interestingly than Lyubasha, a rival who tries to poison her. There are other imbalances and the Tsar himself takes no part. But the opera makes sufficient impact in the current Bolshoi production – dating from 1966, the programme still crediting a director now dead, Oleg Moralev.

Long-running productions are the rule here and the beautifully coloured, unfaded setting of outdoor and indoor scenes is complemented by strong feeling and firm characterisation from the well-known Tamara Sinyavskaya as Lyubasha, E Kudryashenko as Marfa, Yury Grigoriev as the rejected suitor, Gryaznoy, and others. Andrey Chistakov was the conductor with an orchestra not rehearsed to the highest polish.

The Bolshoi's repertory in both opera and ballet remains heavily nationalist, parading the richness of the Russian musical heritage like a monument. Another Rimsky-Korsakov rarity, *Mlada*, has joined the repertory this year, and current revivals include Dargomizhsky's *The Stone Guest* and Chaikovsky's *Yolanta*, alongside a few Western favourites such as *Tosca*.

A greater modernity and diversity is on view at the Moscow Chamber Opera – whose official title, for those visitors enterprising enough to seek it out, is Kameralny Muzikalny Teatr. Britten's *Let's Make an Opera* and Stravinsky's *The Rake's Progress* and *The Soldier's Tale* are in its repertory, and an even greater surprise comes with a Handel opera so seldom heard as *Imeneo*.

From the centre of Moscow, a 15-minute Metro journey (station: Sokol) takes you to the former cinema which now houses the Chamber Opera. There are only about 250 seats; in the interval, sipping the non-alcoholic refreshment which is such a public feature of Gorbachev's Russia, one only just avoids leaning on a harpsichord. In artistic charge of the enterprise is the celebrated director, Boris Pokrovsky (he directs at the Bolshoi, too). Its principal conductor, Lev Ossovsky, is still doing what would seem in the West to be funnily old-fashioned Handel, with no vocal ornamentation and with a baritone replacement for an originally female heroic part. But, with Olga Shalayeva as a brilliant and charming Rosmene, the Opera was very well sung and most gracefully and wittily produced.

Unexpectedly, whereas at the Bolshoi all opera is performed in Russian, *Imeneo* takes the stage in well-enunciated Italian, with two modern characters providing brief Russian introductions to each act and subsequently with Russian posters periodically introduced, almost in parody of Brechtian theatrical style. ("To be unfaithful or ungrateful?" asks one of them, literally quoting the Italian libretto.) White wires criss-cross the stage, presenting to the white-robed characters the maze of perplexed love; danced movement balances the musical standstill of arias with conventional repeats. Pokrovsky's final stroke of wit reveals that the members of the orchestra, hitherto invisible behind the stage, are likewise dressed in classical white robes. The whole troupe – which has already been seen in Vienna – deserves an invitation to Britain.

Lydia Kovalyova and Yuri Grigoriev in *The Tsar's Bride*

World of the Immortal Tramp

ONE HUNDRED years old this year, the cinema's Immortal Tramp is to be found today, like many of his fellow indigents, under a London bridge. But the Museum of the Moving Image, despite the trundling of ten-ton lorries over its roof (otherwise known as Waterloo Bridge), affords Charlie Chaplin a degree of festive privacy undreamt of by other down-and-outs: let alone by the small boy who was born a mile away in Southwark on April 16th 1889.

The Worlds of a Charlie Chaplin is a small but perfectly formed exhibition. My precursor on this newspaper David Robinson masterminded the show, and he has made it a painless prologue to what will doubtless be an arduous year of Chaplinmania.

A confession first. My admiration for the little chap with the moustache, bowler hat and baggy trousers is strictly limited. Chaplin's humour seems to me to blend the retarded with the sadistic, his pathos to be largely maudlin. And as a film-maker, his technique is mostly confined to nailing the camera to any spot where it has the best view of himself. (If FT readers are rushing to their pens to protest, so much the better. A year of non-stop Chaplin fever with no debate would be a dreadful prospect.)

Now let us enter the show. Ten out of ten for the fact that at the entrance one is accosted by a real live seen-better-days prostitute in turn of the century garb. "Want a good time, dearie?" she asked me. I did, but I was not sure from the look of her that she could provide it. So I pressed on into "Streets of London," the festival's first themed area. Here amid sepia South London house-fronts, we meet young Charlie, his Ma (who was confined to a mental asylum in 1903), his front parlour, and posters and playbills denoting his first music-hall appearances.

After that, you have an ocular collision with the Statue of Liberty and are ushered into Chaplin's American years. A glass case with the little chap's costume stands in one corner: the trousers, jacket, cane, hat and shoes. Over in another corner is a row of mock Hollywood palm trees bearing photo-montages of Chaplin's life in Tinseltown. And in the middle of the room, on my visit, was a beaming, lifesize Sir Richard Attenborough; who turned out on closer inspection to be the real Sir Richard, shortly to film Chaplin's life.

The exhibition's last section is disappointing. Chaplin's political troubles – he was hounded from America for alleged Communist sympathies – are briskly illustrated: FBI documents and newspaper front-pages bunched into porthole-shaped displays lining a mock ocean-liner corridor. But once we reach Europe, the show dies on us. The final room contains two pajama jackets (Marlon Brando's and Sophia Loren's from *The Countess From Hong Kong*), a pair of angel's wings (to have been worn by Chaplin's daughter Victoria in his never-made last film *The Freak*) and Tommy Steele's distressing bronze sculpture of the Little Man.

But Chaplin himself let us down in later years, and how do you properly commemorate movie-dodos like *A King In New York* or the overrated *Monsieur Verdoux*? (More readers are doubtless hurtling to their writing desks.)

Suffice it that the exhibition is marvellous at its beginning and in its middle. We get a rare sense of time, social history and artistic destiny. And where else on Planet Earth could we see, joined together under one roof, Chaplin's 1913 Keystone Film Company contract (Robinson rightly calls it probably the most famous contract in film history), Chaplin's original handwritten draft of the final speech from *The Great Dictator*, and Chaplin's very own scrapbook, filled with his earliest press notices? The exhibition runs until August 30th. Don't miss.

Nigel Andrews

Charlie Chaplin

A house where time stood still

THE NATIONAL Trust is often castigated for preserving its historic houses in aspic. A house returned to an imagined point of past glory is deprived of its later accretions, and part of its history. Such drastic action proved unnecessary at the Trust's latest acquisition, Calke Abbey, near Derby, which opens to the public today. Fossilisation had been achieved by generations of owners.

A succession of more or less reclusive Harpur Crewes were loathe to intrude even into the life of their own family – Sir Henry, the "isolated baronet," communicated to his servants by letter. As one owner died, the next simply left everything as he found it and inhabited another room.

That explains why the drawing room at Calke is the most perfectly preserved Victorian domestic interior in England. Early photographs show that little has changed since Sir John's death in 1886, after which the room was never used. Furniture, pictures, gilding, pattern and ornament crowd the room; each surface offering a clutter of glass-domed stuffed birds, clocks, figurines and fossils, glass and china. The shutters remained closed, preserving the florid 1840s white, gold and orange flock wallpaper in near pristine condition. Protected under layers of case and dust covers is glowing yellow silk upholstery. One never sees 19th century wallpaper and textiles of this brilliance: the effect is dazzling.

Harpur Crewe social reticence may also explain why the magnificent Calke state bed, a royal gift of 1734, remained in its packing case for 250 years. (It goes on show, in museum conditions, in June, when further room of the house will open.) Its richly embroidered dark blue and ivory Chinese silk hangings are the most vivid surviving examples of their kind. The bed was only rediscovered – like the house – when Calke's future was threatened by death duties in 1981.

The saving of Calke for the nation in 1984 was in many ways controversial. The large Baroque house, though handsome enough, is not a distinguished piece of architecture. It was built in 1701-3 around an earlier Elizabethan or Jacobean structure – as one contemporary wag quipped, "like Caulk House, the thing is done but nobody did it." William Wilkins the Elder added a portico and remodelled state rooms a century later. Nor are its interiors or contents exceptional – save the drawing room and the state bed. The finest picture in the house is Ferneley's "Council of Horses." What the Trust would be preserving seemed well nigh elusive: the character and atmosphere of a house in which time, repeatedly, has stood still.

That decision was made before the future was assured of houses and collections arguably more deserving of public funds – Kedleston, Nostell Priory and Weston Park. Today, £8m for the house and 1,000 acres of rolling parkland seems a snip. Since the Trust took over the house, the park alone, with its deer, chain of lakes and ancient woodland, has proved a popular local amenity.

The project proved a departure for the Treasury, which for the first time accepted agricultural land along with house and park in lieu of tax. It also marks a watershed of National Trust policy. Following the Harpur Crewe lead, it has opted for a programme of "minimum intervention."

Some £3.5m has been spent on making the house look as if no one has touched it.

Paint and plaster still peels. The doleful double-height Saloon remains a memorial to the family passion for natural history. Glass cases of neatly labelled specimens of minerals, fossils, shells and antiquities flank the billiard table. Lining the walls are cases of Sir Vauncey's stuffed birds and animals, horses excepted. In the hall are the heads of prize cattle arranged like sporting trophies. The sporting pictures in the library, the most congenial room in the house, bear witness to the famous Calke stud.

Only two rooms have been redecorated – the caricature room and the dining room. The original schemes of both were "recently compromised." Instead, money has been sunk on treating rampant dry rot, restoring Wilkins' deep overhanging cornice, and replacing the entire third-of-an-acre roof. The mellow brick stables have been overhauled; the agricultural buildings simply refurbished to provide a restaurant and shop.

The Trust has shown considerable skill and sensitivity in preserving the house as it came to them in 1985. That said, it can never be quite the same. The interiors are now clean, the objects dusted. There is a sense of order, neatness and good housekeeping. Much of the junk seems to have been purged – perhaps to return.

So far the Trust has tackled the most straightforward rooms. The challenge lays ahead. How is it going to present what was the most magical part of the house, the sequence of long-abandoned upper rooms filled with haunting still-lives of past possessions and faded memories? Is it possible to feel the same sense of wonder knowing that the entire contents of the house – all 13,000 of them – have been sifted, cleaned and catalogued? Will the romantic decay of the interiors be faithfully reproduced, and sprinkled with dust?

Calke has a subtle charm and fascination quite its own. One suspects, however, that the general public might be disappointed in this particular "big house;" its glorious parkland will be enjoyed by all.

Susan Moore

The Drawing Room at Calke Abbey, which has remained unchanged since the 1880s

Records

A crop of rarities on CD

THE COMPACT disc repertoire has made room for recherché music much faster than anyone was predicting even three or four years ago. That may be because the new medium has burgeoned in popularity so rapidly; at any rate, I doubt whether any year's worth of releases on LP has offered as much for specialised tastes as the current crop of rarities on CD. Here are some recent nuggets, along with some more familiar stuff.

The discovery of four forgotten Berlioz cantatas is a triumph on Denon CO-72886, largely because they are conducted by the old master Jean Fournet. There is no conductor alive with a surer grasp of French style, though there are younger and more famous ones who lead more distinguished orchestras than he is generally invited to do. Jascha Horenstein's position in his later years was similar: respectful invitations from state-supported radio orchestras, far fewer from the international bands. Some day we shall equally regret that Fournet's interpretations have so seldom been committed to record with the very best performers.

Fournet's art lies no less in vital proportioning than in fine details, and his particular success with these cantatas – three of them amounting to juvenilia, the fourth a ludicrous paean to Napoleon III – is to make them genuinely exciting, just as Berlioz intended. The earliest, which glorified the contemporary Greek struggle for independence, is virtually innocent of Berlioz fingerprints in its musical detail, and yet has all his unmistakable *élan*: I fear that Fournet's brilliant re-creation may embolden grisly attempts by less inspired hands.

The next two, "La Mort d'Orphée" and a *scena* for bass and chorus on the death of the Emperor, teem with pre-echoes of the mature composer, and the 1855 double-choir paean "L'Impériale" displays the Honoured State Artist. Excellently recorded – live, with well-deserved applause – these stirring performances are much more than adequately manned by the Dutch Radio Choir and Symphony with first-rate soloists: Gérard Garino, an intrepid tenor, and the basses Ruud van der Meer and Lieuwe Visser. No Berliozian should miss them.

Nor should lovers of Fauré, nor anyone who admires ripe musicianship at the piano, miss the collection by Vlado Perlemuter on Nimbus 5165, a rich conspectus which includes most of Fauré's loveliest gifts to the piano. The noble Theme and Variations of 1895 serves as a grand preface to an elevated sequence of masterpieces in chronological order, from the 1875 First Nocturne to the Thirteenth from Fauré's last year. Perlemuter played some of them to the composer himself! He was 78 at the time of the recording (he turns 85 this May), and it makes late-night listening of a high order. He doesn't indulge in gleaming pianistic effects: in concert one might want them, but at home his serene authority is wholly satisfying. Everything sings, without prejudice to the tough dramatic sinews that hyper-refined performances neglect; every subtle turn of thought is registered without fuss. Younger Fauré proselytes sound arch and wittery by comparison.

A "conservative" composer of a later generation, the once-renowned Hans Pfitzner, has suffered through the (understandable) contumely of Schoenberg's circle. His unappetising political opinions and character have been counterbalanced by his opera *Palestrina*, which compels disinterested respect; but outside Germany no other Pfitzner work has made a mark.

The pianist Wolf Harden has done him a signal service by recording the 1922 Piano Concerto – his only one – with Heribert Beissel and the CSR Symphony of Bratislava (on Marco Polo 8.223162). Five years earlier than *Palestrina*, it boasts a big-boned, Brahmsian 4-movement structure and a pungently ironic personality. The florid opening not only is, but is *marked* "pomphaft;" the hunting-Scherzo turns Saint-Saëns into something dangerous and original. This is welcome evidence in a difficult case, with intrinsic rewards of its own. The accompanying music-theatre fragments, earlier and later – a romantic number from *Das Herz*, and the *Christelflein* Overture – map Pfitzner's heart-on-sleeve fervour and his subsequent desiccation into smug, sentimental routine.

Old Janácek was luckier with his sexagenarian Indian summer, when an improbable attachment to a much younger married woman inspired his best music. The Sinfonietta has acquired a secure place in the repertoire, and Claudio Abbado's fine performance with the Berlin Philharmonic on DG 427 313-2 brings no special new illumination. But the marvellous song-cycle *Diary of One Who Disappeared* reveals new facets both through Philip Langridge's committed portrayal of its lovelorn rustic hero, and through Abbado's taut, nerve-end realisation of an orchestrated version by two Czech musicians. Though it fixes specific readings, inevitably, upon an original piano-part that permits different treatments, it is tactful but also – in Abbado's hands – sharply convincing, without pretending to ape the risky orchestral experiments of old Janácek himself.

On BIS CD-427 is the Fifth Symphony of Alfred Schnittke, the uncomfortable, tantalisingly eclectic Russian composer who is to be celebrated on the South Bank next weekend. More recent than anything on the South Bank menu, this symphony develops Schnittke's Mahlerian vein (in fact it cannibalises Mahler's early Piano Quartet, and makes *concertante* use of its ensemble) to profound effect, and is grippingly performed by Neeme Järvi and the Gothenburg Symphony. So too his *Pianissimo* of some twenty years ago, an up-to-the-minute orchestral essay which fulfills its title early on and then grinds toward a wrenching climax: pure Schnittke, ever ready to try new hats for size on his own stubbornly individual head.

The pianist András Schiff lends his exquisitely controlled touch to fifteen Scarlatti sonatas on Decca 421 422-2, and to Mozart's concerti K. 459 and 595 on 421 259-2. Whether the soft-edged, melting graces of his Scarlatti playing compensate for the twang and snap of the original harpsichord is a matter of taste.

David Murray

CHESS No 765

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ARTS

Real Czech drama is offstage

***Michael Coveney** reports on the dangerous mysteries of Prague theatre*

BRITISH AUDIENCES and critics once marvelled at the Czech theatre presented by Peter Daubeny at the Aldwych in the late 1960s. The Theatre on the Balustrade and Otomar Krejča's production of *The Three Sisters* served notice of a new artistic uprising.

But since the Prague Spring of 1968, Krejča has worked in European exile, and other leading artists of his generation, all of whom were associated with the Theatre on the Balustrade – novelist Milan Kundera, director Jan Grossman, designer Josef Svoboda and film-maker Miloš Forman – have ploughed their furrows in what Czechs themselves call the Free West. The most celebrated victim of all, because he stayed at home to be thrown into prison, Václav Havel, has not had a play of his performed on the Czech stage for 20 years.

The glory of what these people might have achieved in different political circumstances is only sporadically hinted at in what they now do. In a memorable *Bookmark* on BBC TV last month, devoted to Havel, a censor declared that Havel had to become part of Czech society before he could be allowed back on the stage. It suited him, apparently, to live his life "on an interesting margin."

This margin now means prison, where Havel, when he completes his current nine month sentence, reduced at Tuesday's appeal to eight months, will have been confined for well over six years since 1977. Art, we were told by an official in the same programme, "has to serve the health of society." That disgusting and dangerous prescription said more about the nature of tyranny, its ignorance and stupidity, than could any well-meaning liberal commentary.

In the interview, Havel averred that the audiences for Prague theatre were now anonymous, and so were the theatres themselves. I could not find much evidence to contradict this view on a recent visit to his native city, except when both theatre and audience were forming some sort of oppositional, counter-cultural samizdat.

This undoubtedly occurred at Ivan Vyskočil's *Haprdans* (a titular acronym of HAmlet PRince of the DAnskas) in the Klub Futurum, a low dive in the Smíchov district subsidised by the metalworkers' trades unionists. In this philosophical deconstruction, presented by Vyskočil (b.1929) with two actresses in the form of an illustrated lecture, the characters are first introduced as kitchen utensils, the play itself as an unfathomable stewpot: Laertes is a chopper, Polonius a colander, with eyes everywhere, Hamlet a whisk of whirring, right-angled schizophrenia.

The rewriting of history and defamation of the old king are predominant themes. Above all, the idea is confidently promoted of *Hamlet* being less of a play than a phenomenon we live with and react to. The importance of the *idea* of *Hamlet* transcends the details and bones. This helps explain how Hamlet becomes the *offspring* of Gertrude and Claudius, how the old King "committed suicide," how Polonius feigned death behind the arras and adjusted skilfully to the incoming regime of Fortinbras.

None of this would be of any consequence without the bear-like, irresistible presence of Vyskočil, an actor who is obviously one of the great lost Lears and Falstaffs of our day. He is now fully committed to his idea of non-theatre and, in being so, exposes the fatuous tatterdemalion of so much actual theatre.

Jan Grossman (b.1925), a director lately reinstated with honour in the Theatre on the Balustrade, asked me what was the point of seeing a very good Haprdan, a very good Lear? There is none, of course, out of reverberative political or social context. This dewy-eyed, dignified but greatly injured man then stood in the intimate 200-seater Balustrade auditorium, and said how the best work was *always* work in progress.

My companionable British Council host, Jim Potts, asked Grossman if good people could not have fallen out of favour for very good reasons. The response was tart and immediate. "No-one with talent was ever fired here."

The Balustrade grew out a series of jazz-club monologues instigated by Vyskočil, known as "text-appeals." That tradition survives, just about, in *Haprdans*. Meanwhile, the National Theatre, apart from presenting well-received visiting companies like Cheek By Jowl, offers a wide range of classics and *The Lion in Winter*. I had no chance to see anything there, but I heard no good reports.

Out in the fifth district, the Realistic Theatre in Tank Square seeks to upturn a Stanislavskyan tradition in their 1945 dilapidated house with a new experimental approach. The fruit, insofar as I could taste it in a ghastly adaptation of Voltaire's *Candide*, is both sour and flabby. An anonymous audience indeed soaked up a production devoid of vitality and wit with dutiful indifference. Jonathan Miller's Old Vic revival of Leonard Bernstein's musical was a distantly refreshing memory.

The dramaturg Michal Lázňovský explained to me how "officially, we live in optimism – but for us this word is empty." Even that admission had not goaded the evening into resistant life. The glum pessimism that seems to seep through the streets of Prague, old buildings supported by decaying networks of scaffolding where no work is done, has sapped the lifeblood even from the official intelligentsia.

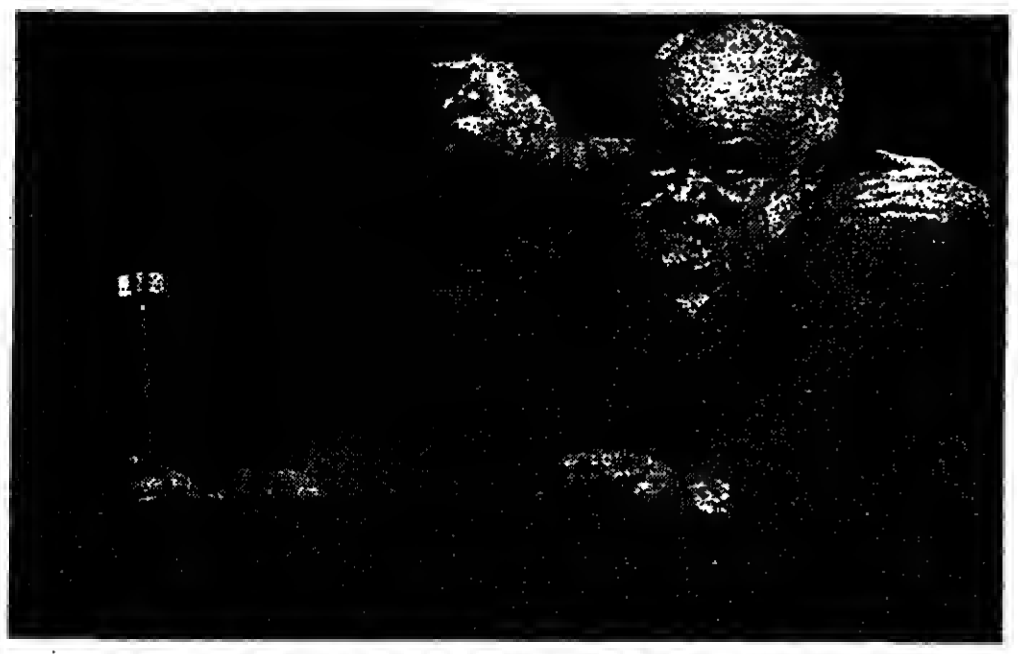
A Soviet tank, famously filmed from beneath its plinth by Jean Luc-Godard, can be seen from the Realistic's foyer. It celebrates the liberation of Prague in 1945 by the Russians. The number 23 is daubed in white on its upwardly aggressive flank, defiantly impervious to the local joke that another "liberation" would be undertaken 23 years later.

Assimilation and absorption are the name of the game. Tourists who crowd into the hideously magnificent Palace of Culture to see the film and dance spectacle *Odysseus*, prepared by the Laterna Magika, would be surprised to be told that this show had its roots in an avant-garde intitiative by Jan Grossman's mentor, Alfréd Radok (1914-76) and the designer Svoboda.

The event is a lush travelogue of Odysseus's return to Penelope after the Trojan Wars, and there are some truly fantastic evocations of the Lotus Eaters, the giant Cyclops, a seductive Circe and her piggy courtiers, the topless Sirens, a soft porn ballet with a huge vulva-like Calypso, and a San Trop Nausica who provides the evening's *only* shuddering theatre moment in turning the cinematic tables on the hero. As you can imagine, I thought it all stank to high heaven but would not have missed it for the world.

I am sure I have not seen the best of Prague theatre, but I am equally sure I have seen a typical selection. I did sense that the tide is turning and that Havel cannot possibly be imprisoned again. The signatures are gathering. Characters like Grossman are being rehabilitated.

It may be too late. But why give up hope? Grossman tells me that he has been invited by Laterna Magika to supervise a mixed media version of the fine Israeli play we are soon to see at our own National Theatre, Joshua Sobol's *Ghetto*, about triumph through heroism of the doomed Vilna resistance. In Prague, too, they shall overcome some day.



Ivan Vyskočil (right) with Vlasta Spicuerová in 'Haprdans' at the Klub Futurum, Prague

Elizabeth Hynes and Steven Page

A disappointing Don

***Max Loppert** reviews a Coliseum revival*

THE LATEST revival of *Don Giovanni* at the Coliseum is an attractive and often impressive performance that never quite adds up or catches fire. I continue to admire Philip Prowse's designs – grand grey brick facades, Goya costumes – as one of the most intelligent and purposeful big-house adaptations of the opera in recent times, but their very grandeur and distinctively fluid outlines pre-suppose a kind of tautly focussed concentration in the production (originally by Jonathan Miller, rehearsed by Karen Stone) that is never fully forthcoming.

Miller's original, with its refreshing new look at all the characters, has in fact been loosened – the cast is now a mixture of old hands and newcomers – and, in such touchstone *Don Giovanni* points as the Act 2 unmasking of Leporello or the first cemetery utterance of the statue, the performers are too easy-going to hit the moment home.

The success, and also the limitation, of the revival seem to find a point of summary in Steven Page's account of the title role: commandingly played, with a strong feeling of barely suppressed violence, but often stiff and unsensual in bearing. What prevents disparity of acting styles from swamping the opera is the conducting of Jane Glover (house debut) which, after a somewhat ponderous overture, combines lightness, charm, fleetness of movement and dramatic know-how. The arias that Mozart added for Ottavio ("Dalla sua pace") and Elvira ("Mi tradi") were so stylishly and fluently conducted – as well as being efficiently sung – that their place in the larger scheme of the opera was hard to assail; by no means always the case.

From the original 1985 cast we welcomed back, above all, Richard Van Allan's Leporello, whose seasoned wit (his air of having seen and heard all of his master's tricks and exploits many times before is wonderfully weary) and rugged individuality are rock-solid strengths. The most thrilling singing of the evening came from Rita Cullis, an Anna of fearless attack and bright, cleanly produced tone, particularly in those fearsome high-register areas where less mettled sopranos begin to flinch.

The most significant newcomer was the American soprano Elizabeth Hynes, one of the leading lights of the New York City Opera, whose ample, full phrasing compensated nicely for any passing impurities of tone. She shows us a skilful, large-scale Elvira who fits gracefully into the proceedings without quite adding any new element of individuality to them. Lesley Garrett (now a rather boisterous, shrill-edged Zerlina), Maldwyn Davies (Ottavio), Mark Richardson (Masetto) and Sean Rea (Commendatore) usefully complete the cast.

Radio

The more it grows . . .

WHEN I saw Anthony Minghella's *A Little Like Drowning* in the theatre five years ago, I wrote in my diary that "I liked it a little less than I thought I would." Last year we heard another play by this writer, *Cigarettes and Chocolate*, which I thought one of the best radio plays I ever heard, and his adaptation of *A Little Like Drowning*, directed by Vanessa Whitburn on Radio 4 on Monday, confirms his mastery of radio writing.

The story is actually little altered from the stage. It is told by old, kind Leonora, played by Peggy Ashcroft, for the benefit of her grandson Martino. A younger Leonora falls for the romantic young Alfredo when he visits the family in their Italian country home. Alfredo works in England; they write to each other that if they both bathe in the sea at the same time, it will be as if they were together, and they duly marry.

Peasant customs like exhibiting the bloody sheets of the marriage bed are strange to Alfredo, and it is soon clear that back in England he will find customs of his own to observe. Leonora as a mature mother gives him less bed pleasure than he wants, so he beats her up and turns to an Englishwoman, Julia. The conflict in his sentimental Italian mind between the loyalty he still owes his wife and children and the pursuit of his new association is what underlies he rest of the tale.

It skips nimbly about in time and space, following Alfredo's flight to Dublin during the war, overhearing the affairs of Leonora's family and her later work at the little café on which she lives into her seventies. We attend the marriage of her two daughters, where a kind of reconciliation is contrived. The thought is sympathetic, understanding, and deeply sentimental in the Italian way.

Jane Gurnett played the younger Leonora, as she did on the stage, and Juliet Stevenson the icy Julia. I thought Alan Rickman notably good as Alfredo. I liked the play a little more than I thought I would.

It was particularly good to hear Peggy Ashcroft, almost a stranger to radio. This has been a good week for senior actresses. Athene Seyler was on *Desert Island Discs* to mark her impending 100th birthday; and we had a happy repeat of Gwen Frangcon Davies's Christmastime reading.

It's worth recording the bad luck I had with some of the rest of the week's drama, if only to express my amazement that such stuff can make its way past the Head of Drama, whom I know to be an intelligent man. I was keen to hear Wally K. Daly's *Nightmare World* on the World Service, for the standard of World Service drama is usually high.

But this was unbelievably silly. A sinister Mr Jenkins calls on Mr Henderson in Holby, near Birmingham, every November 13, for a lift to his hilltop cottage. On this occasion, without warning, he performs some astrological trick that causes Holby, and similar little towns the world over, to disappear. How the vacated areas then look we are never told, save that Holby's occupied by HM Forces. Later on, Jenkins does it again and the towns reappear, though in fact simulacra have been planted from a "parallel world." No, no, I can't go on.

Perhaps this was part of the new, more popular World Service image. But Steve Walker's Haunted by *More Cake* was Radio 4's Wednesday matinee. In this, Lionel, a shiftless young man, seeks help from his uncle, Captain "Ginger" Rogers, to help him overcome a disability. His stomach contains a little social party, in which pretty Charlotte is courted by spotty Horace. They inhabit a hotel terrace with a pool where Charlotte sometimes swims naked. Waiter Mario brings them endless supplies of cake. There is no coherent conclusion.

What a director like Ned Chaillet was doing with such a play, I cannot imagine. In fact, he did nothing with it. How could he?

B.A. Young

The Pajama Game

***Frank Lipsius** reports from New York City Opera*

The New York City Opera is finally casting musical comedy veterans in major parts. Now into its fourth year of introducing the musical into its summer schedule, the decision makes all the difference to *The Pajama Game*, the 1954 proletarian musical where love mixes with politics at the Sleep Tite Pajama Company in humble Cedar Rapids. The factory suffers a bitter war between the workers, with their demands for an extra hourly 7½ cents, and the condescending management, led by the stalling president, Myron Hasler.

Avery Saltzman, who has a background in opera but has also appeared in numerous musicals, is the narrator Hines, the bumptious time-study man with the stopwatch round his neck. His opening monologue may be the only reference in a Broadway musical to the struggle between capital and labour, but he carries it off and its gets the evening rolling. His love of the hotblooded secretary, Gladys, played by musical veteran, Lenora Nemtz, makes the sub-plot backdrop to manager Sid Sorokin's romance with union grievance committee leader, Babe Williams. The leading pair are somewhat mismatched, a sign of Broadway's failure to produce a new generation of leading women. Richard Muenz makes a relaxed ambitious young manager with a rich baritone, but the show's star, Judy Kaye, puts on a brave front for having to chase a noticeably younger man.

A Tony award winner in its original George Abbott production, Abbott and Richard Bissell's book is a timely reminder of the issues musicals once juggled without sacrificing the memorable music of songs like "Hey There," "There once was a man" and "Hernando's Hideaway." These are better remembered than the show itself, which had a praised but unsuccessful Broadway revival in 1973. Conductor Peter Howard gives Richard Adler and Jerry Ross's score a vibrant treatment, encompassing the other deserving songs that are more tied to the plot, like the peppy "Racing with the clock" and the clever duo "Jealousy Ballet" with its refrain: "I would trust her."

Having dealt with the performers, the opera needs to rethink its staging and sets. Director and choreographer, Thomas Pappas, has settled for mediocrity in sets that are painted black at various distances from the footlights. Large ensemble numbers are played almost on top of the audience, with the cast spread out across the stage as if for a head count.

The best moments seem copied from the original, as when Sid sings "Hey There" into his dictaphone machine and plays it back for a duet. The casting of the secondary role sparkles with the ladies of the factory and David Green as union leader Prez, but Steve Pudenz misses all the ethnic reverberations in the role of Hasler, the company president.

The *New York City Opera* has become an alternative Broadway for musicals like *The Pajama Game*, which deserve another look that would never get one downtown on Broadway. The company need not compete with the lavishness that now characterises and justifies Broadway's sky-high ticket prices. But in dropping out of competition for expensive productions, the company has to substitute cleverness for opulence.

Designer Michael Anania's two-dimensional trees, walls full of painted vending machines and filing cabinets make dull interpretations of a park, factory and office, especially when rendered in garish greens and pinks.

The company should be drawing on the best backstage talent in the musical theatre, now that it has recognised the need for real musical performers.

Chess

THE RAPID rise of Judit and Zsofia Polgar, aged 12 and 14, coupled with 19-year-old Vassily Ivanchuk's surprise victory at Linares, has put some unexpected pressure on Britain's Nigel Short and Jon Speelman, ranked three and four in the world after Karpov and Kasparov.

Their position as credible challengers who might qualify or be sponsored for serious matches against the two Ks would be undermined if the charismatic Polgars and the talented Ivanchuk continue their advance.

Speelman is in the simpler position for, in spite of reaching the world semi-finals, he still lacks any real credibility on his overall form as a player who might dethrone the Ks. But after his surprise match wins over Yasser Seirawan of the US and Short, Speelman is only one step away from the professional jackpot of a match with Karpov.

His immediate problem, though, is the new uncertainty over his semi-final series against Jan Timman of the Netherlands. British chess organisers thought it was fixed securely for London in October 1989, staged simultaneously with Karpov's all-Soviet match against Artur Yusupov. But now there are reports that FIDE president Florencio Campomanes plans to authorise New Zealand to stage at least one of the matches in May this year.

As often happens with a UN-sized world body like FIDE, which has more than 100 affiliated nations and operates on a one country, one vote principle, chess politics may be involved in the decisions. Campomanes is due for re-election at the 1990 FIDE congress and would like the present title series completed by then.

If the semi-finals are not until October, the final in spring 1990, and the championship match between Kasparov and the final winner the statutory six months later, the title match and congress could well overlap to disrupt the president's election campaign.

For some two years now, Short has been the player most likely to attract support for a championship match against Kasparov outside the normal programme. If Kasparov defends successfully in 1990 his next official series is not until 1993, and an extra match outside the normal cycle looks possible in late 1991 or 1992.

The problem for Short is that, even forgetting his setback against Speelman, he is not closing the gap significantly between himself and the two Ks. During 1988 he won a tournament in Holland ahead of Karpov, finished runner-up to the ex-champion at Tilburg, and this year won their individual game at Linares. But the two Ks have dominated the World Cup tournaments with Short in modest mid-table positions, while at Linares he ended up well behind Ivanchuk and Karpov.

This week's game demonstrates how Short, at his best, has the subtlety of style needed to defeat K and K. Black's only real errors are a dubious opening (10 ...Q-Q2? allows the exchange of dark-squared bishops) and weakening his QRP at move 23.

Short then conceives and carries out the Karpovian strategy of winning the QRP, exchanging off all the heavy pieces, and advancing his own QRP for victory.

White: N. D. Short.
Black: L. Ljubojevic.
Ruy Lopez (Linares 1989).

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-QR3; 4 B-R4, N-B3; 5 O-O, NxP; 6 P-Q4, P-QN4; 7 B-N3, P-Q4; 8 PxP, B-K3; 9 B-K3, B-K2; 10 P-B3, Q-Q2; 11 QN-Q2, R-Q1; 12 P-KR3, NxN; 13 QxN, N-R4; 14 B-N5, P-QB4; 15 KR-K1, N-B3; 16 QR-Q1, P-R3; 17 BxB, QxB; 18 B-B2, O-O; 19 Q-Q3, P-N3; 20 Q-K3, K-N2; 21 P-R3, P-QR4; 22 Q-B4, R-Q2; 23 R-Q3, P-R5? 24 P-R4, P-B4; 25 PxP ep ch, RxP; 26 Q-N3, Q-Q3; 27 N-K5, NxN; 28 RxN, B-B4; 29 R(2)xP, QxR; 30 RxQ, RxR; 31 P-QB4! PxP; 32 BxP, P-R4; 33 B-N5, B-K3; 34 P-B3, R(3)-B4; 35 B-B6, R-Q8 ch; 36 K-R2, B-Q4; 37 Q-B4 ch, K-R3; 38 Q-Q8, K-N2; 39 P-R4, R-Q5; 40 Q-K7 ch, K-R3; 41 B-K8, R(5)-B5; 42 K-N3, BxP; 43 Q-K3! BxP; 44 QxR ch! RxQ; 45 KxR, K-N2; 46 K-N5, B-K5; 47 P-R5, B-Q6; 48 B-B6, K-B2; 49 B-N7, Resigns.

PROBLEM No. 765

BLACK 7 MEN

WHITE 7 MEN

White mates in two moves against any defence (by H. W. Sherrard). Solution Page XVIII

Leonard Barden

SPORT

Golfing triumphs and emotion

***Ben Wright** picks some magic moments in the life of a golf scribe*

WHEN COMMISSIONED recently to write a detailed account of the 10 most moving incidents I had witnessed in 35 years as a professional observer of the golf scene, I thought to myself – that's simple enough. Unfortunately, it was anything but that. In merely reducing the selection to such a shortlist I quickly began to realise the embarrassment of riches that we globe-trotting scribes perenially enjoy or, more truthfully, take for granted.

Some general conclusions emerged from my deliberations that were quite salutary, however. There is much talk, for instance, most of it emanating from the office of USPGA Tour commissioner Deane Beman, to the effect that his Players' Championship, decided at the Tournament Players' Club at Sawgrass, near Jacksonville Beach in Florida, last weekend, is worthy to be seen as the "fifth major championship" of golf.

I thought this event had a chance for a while a few years ago, but any event that starts without the world's best player, Seve Ballesteros, cannot possibly achieve major status. Some of the best American players have now joined Jack Nicklaus in insisting that Ballesteros should be allowed to play American tour events as and when he chooses, and this should obviously be the privilege of all players throughout the world who have proved themselves conclusively to be in the superstar category.

In my opinion, it is the Ryder Cup match, despite its biennial status, that has recently established far more believable credentials as a major event, in that the team spirit and sportsmanship it engenders combines with the new nature of the event as a contest instead of a walkover to produce golf of a higher level of sustained excellence than can possibly be expected of any individual. As such, it is even starting to catch on belatedly in America, although not, alas, with the three major television networks. The US cable network will carry the 1989 match at The Belfry on all three days and again every evening, however.

As a result of the Ryder Cup's development, the first victory Europe ever achieved on American soil, in September 1987, in the then 60-year history of the series, at Muirfield Village, Dublin, Ohio, with poor Nicklaus the defeated captain on a course he designed – is high on my shortlist of 10 major emotional golf happenings.

Perhaps I've gone soft in the head, but, apart from the stellar quality of the golf produced on that occasion, there was a touching camaraderie between the thousands of supporters of each side, waving as they did with much gusto their miniature flags, the Union Jack and Stars and Stripes. I believe that many lasting international friendships were forged that weekend to obliterate from the memory the – at best – questionable behaviour of the British fans at The Belfry when Europe won the match for the first time since 1957, two years previously.

While on this somewhat sentimental theme, the finish of the 1984 US Open Championship at Winged Foot, New York, with its white towel (of surrender)-waving incidents between Fuzzy Zoeller and Greg Norman, gets on my list because it was such a splendid reminder in these days of crass commercialism in professional sport that at least two great golfers can still regard their business as a game.

The US Open gets only one other mention because it is not really open at all. Any foreign prodigy hoping to win the title would have to move to America for several months to try to survive the various area and sectional qualifying competitions that are required annually to reduce the original entry of 6,000 players or thereabouts to reasonable proportions. Such a youngster would certainly need a sponsor to back such an ambitious venture.

'The amateur game has largely become a stepping stone to professionalism'

Tony Jacklin's US Open victory at Hazeltine National Golf Club in Chaska, Minnesota, in June 1970, was memorable as an emotional event only because he became the first Briton to win the title for 50 years; he was the reigning Open champion, and he won with such devastating aplomb on a truly unmemorable course. Not so Jacklin's momentous Open triumph of July 1969, at Royal Lytham. His splendidly played par-four at the wickedly dangerous final hole is indelibly printed on my mind, and my list, as are the emotional scenes that occurred thereafter.

It seems sacrilegious to accord our Open only one more honourable mention. But in this area I was so spoiled for choice that I opted for Roberto de Vicenzo's eventual triumph at Hoylake in 1967 after so many years of frustration, albeit frequently by the narrowest of margins. Runner-up Nicklaus, with whom I was standing at the green as Roberto strolled down the 18th fairway, was moved to tears as, needless to say, was I.

The fact that amateur golf on both sides of the Atlantic has largely become a stepping-stone to the professional ranks is a sad fact of modern life. So, desperately exciting as it was, with fans hanging from the chimney-pots down the right-hand side of the last fairway, our rare Walker Cup victory over the Americans at St Andrews in 1971 has to yield pride of place to our equally unlikely Ryder Cup victory at Lindrick in 1957, preceded as it was by the desperate squabbling between captain Dai Rees and Harry Wheatman, which seemed to inspire our team.

The US Masters tournament has provided us with so much drama and excitement that it seems ridiculous to have to pass over the fabulously exciting finish at Augusta National Golf Club in Georgia in 1975, when Johnny Miller came from behind, while Nicklaus and his lifetime rival, Tom Weiskopf, traded punch for punch all afternoon. Finally, both Miller and Wesikopf missed their putts for birdies that would have tied Nicklaus at the 72nd hole.

But, in purely emotional terms, I found myself more moved by Ben Crenshaw's overdue Masters' victory in 1984, the astonishing sixth victory of Nicklaus there in 1986 at the age of 46, and Sandy Lyle's incomparable winning bunker shot last year.

I leave until last the greatest sporting gesture it was ever my good fortune to witness. On that magnificent occasion, Nicklaus calmly picked up Jacklin's golf ball when it lay just over 3 ft from the hole in the final single of the historically-tied 1969 Ryder Cup match at Royal Birkdale. Nicklaus generously conceded the putt to ensure that his great friend and rival could not miss it – and, in my opinion, Jacklin probably would have done so to lose both his match and the whole series, so great was the pressure upon him at that moment. Jacklin was never the best of short putters, he had beaten Nicklaus by four and three before lunch and this perhaps emphasises the depth of generosity exhibited by such a fiercely proud competitor.

It was at this stage that I realised that I was selling short a wonderful golfing era. I had not even mentioned the triumphs and sometime tribulations of Bobby Locke, Peter Thomson, Arnold Palmer, Gary Player, Lee Trevino, Tom Watson, Ballesteros or Norman – to name but a precious few. So I tore up the piece, telephoned the publisher, and told him he would have to change the terms of reference to double the number of magic moments to be described. Since then, I have discovered that 50 would be a much more adequate total.

Seve Ballesteros: one of the greats

Spurs: the way to the future

Philip Coggan looks at the way Tottenham Hotspur is exploiting its Stock Exchange flotation

FOOTBALL, LIKE crime in old-fashioned movies, doesn't pay. It is virtually impossible to make a profit just by taking the entrance money of supporters week after week.

However, there are marketing benefits to be gained from having a name that is instantly recognisable to 99 per cent of young adult males in the country. One club, Tottenham Hotspur, is determined to make the most of its business opportunities. It was the first club to float on the Stock Exchange and it has been quick to exploit its quotation to diversify via acquisitions.

Its fans may not appreciate all the changes that are necessary to make football profitable – for example, converting the Shelf (a bank of terraces) into executive boxes. But as Bob Holt, Tottenham Hotspur's recently appointed chief executive, says: "I want Tottenham to become a public company that just happens to have a football club as a subsidiary."

Earlier this month the club revealed, in its capacity as a quoted company, its interim pre-tax profits. For the first time the company's non-footballing activities provided more than half its profits. Unfortunately, those operating profits were wiped out by a £1.39m deficit on transfer fees, indicating the problems of attempting to build up a successful side.

Tottenham hired a new manager in 1987, Terry Venables, who has spent the intervening period restructuring a team which had entered a period of decline after two FA Cup victories in the early 1980s.

Venables, who joined the club after a turbulent but mainly successful stint at Barcelona, has seemingly had plenty of cash to spend. Young hopefuls Paul Gascoigne and Paul Stewart have been acquired at a rumoured cost of just under £4m and Venables has also bought not one but two goalkeepers.

So far the reshaped team has had limited success. Tottenham has for some time laboured under two main handicaps: its players, talented individually, have rarely been able to combine effectively as a team, and its defence has proved distinctly fallible.

The team can almost be summed up in the character of its leading player, Chris Waddle. At times Waddle, with his electrifying dribbling and accurate shooting, looks genuinely world class, but he has games where he is unsuccessful in everything he tries. I remember watching him sprint up the wing for England at Wembley only to fall over at the vital moment when he needed to cross the ball.

Waddle is not helped by his slouched walk, which makes him resemble a schoolboy on his way to the headmaster's office. This occasionally creates the impression that he has lost interest in the game.

Like Waddle, Tottenham can be a delight to watch but sometimes you want to climb out of the stands, run on to the pitch and tell the players to get on with it.

Venables has, if anything, enhanced the attractiveness of the team's playing style, but competitive success will have to wait until next season. Average crowds have drifted lower this year.

That only increases the need for Tottenham, the company, to make profits elsewhere – a process which is surely in the long-term interests of the team. Venables recognises this, although he says that he is content "so long as the profit-making companies are putting money into the football club and not the reverse."

One of Tottenham's subsidiaries puts the club in the unusual position of being a potential gainer from the football membership scheme. Synchro Systems, the computerised ticketing subsidiary, will be tendering to supply entry systems under the scheme.

Most of the club's other businesses have some link with its footballing activities. The best known, Hummel, is a sports and leisurewear company which once advertised its clothes by using as a model Glenn Hoddle, now sadly departed to Monaco.

Tottenham also has the right to merchandise souvenir products for which, because of the national side's poor performances last year, has yet to prove an immensely profitable activity.

Martex and Stumps, acquired in late 1987, were not, as they sounded, a pair of giant central defenders, but a slight diversification. Stumps sells (surprise, surprise) cricket clothing but also tennis wear and trademarks. Martex imports and distributes ladies leisurewear.

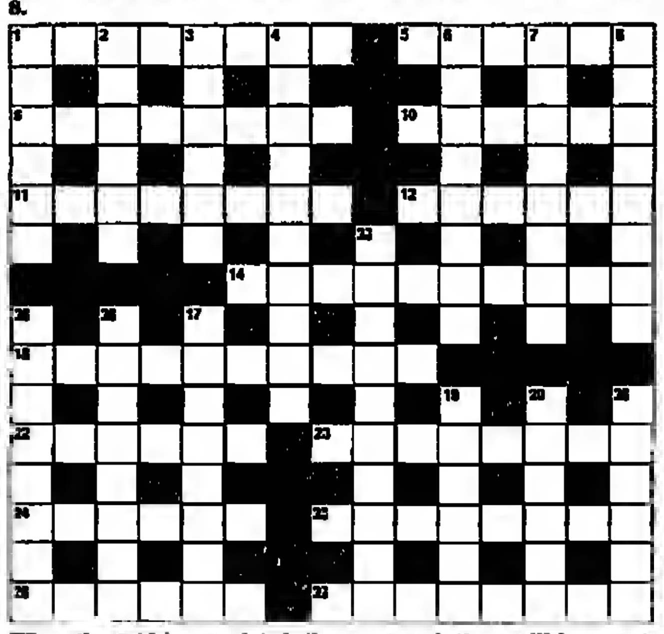
Holt, who was previously corporate development director at the ultra-acquisitive Blue Arrow employment agency, intends to continue the programme of diversification. The company's shares may yet become an investment vehicle for serious, rather than soccer-mad, investors.

Business success will not guarantee a string of trophies for the football team. But the old habits of make-do-and-mend will not keep football clubs, or footballers, in the style to which they have been accustomed. Tottenham is showing the way to the future; we are all capitalists now.

CROSSWORD

No. 6,893 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday April 5, marked Crossword 6,893 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 8.



When the grid is completed, the across solutions will be seen to be in alphabetical order; but the number of each clue has been swapped with that of another clue in the same length, so that you will not immediately know where the solution has to go. Downs are normal.

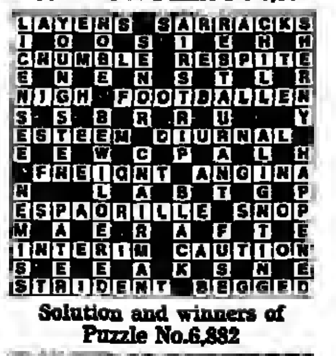
ACROSS

1 Ox, awfully hairy, 's with engineer (8)
5 Epic poem gives help about direction (6)
9 Piece of work dug up after cat mutilated it (8)
10 Bill to an intelligence organisation for a tree (6)
11 A mutiny turned into a test for performer (8)
12 A cat in charge of energy? (6)
14 Prior goes to stake and church gets depression (10)
18 Last word to model about a lot of oysters with conflicting feelings (10)
22 Canvas cover, bored without opening (6)
23 Sea, 502 carat, possibly (8)
24 Some affairs account for expansion of the lung (3,3)
25 Post solvers, please go first (5,3)
26 Seem to manifest oneself (6)
27 Rescind a comrade's entry (8)

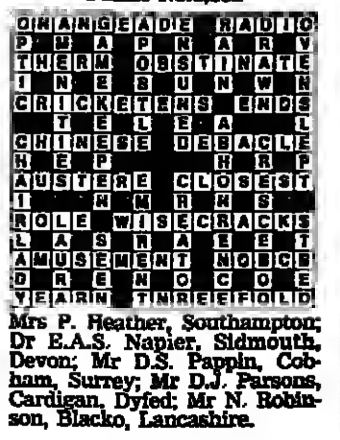
DOWN

1 Palestinian painter's alternative to oil? (8)
2 Musical go-slow seen in light that's unusual (6)
3 Indian transport for good boy (6)
4 Just the thing to do with material damage (6-4)
6 Of collars, dog (8)
7 Communist guerrilla takes Nazi paramilitaries on board (8)
8 Leave job and get less without upsetting the Yard (8)
13 Extracurricular task for teacher from New York intruded (6,4)
15 Double output from volcano in Polynesian dress (8)
16 Leave job when cats etc. turn up with feathers (4,4)
17 Cause for celebration (8)
19 Row at restaurants when bras are removed (6)
20 Thanks to success I can be found in Polynesia (6)
21 Attitude revealed by ascent (6)

Solution to Puzzle No.6,892



Solution and winners of Puzzle No.6,882



Mrs P. Heather, Southampton; Dr E.A.S. Napier, Sidmouth, Devon; Mr D.S. Pappin, Cobham, Surrey; Mr D.J. Parsons, Cardigan, Dyfed; Mr N. Robinson, Blacko, Lancashire.

TELEVISION & RADIO

SATURDAY

BBC1 [illegible]

BBC2 [illegible]

LONDON [illegible]

CHANNEL 4 [illegible]

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

S4C WALES [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

RADIO [illegible]

RADIO 2 [illegible]

RADIO 3 [illegible]

RADIO 4 [illegible]

SUNDAY

BBC1 [illegible]

BBC2 [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

LONDON [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

ANGLIA [illegible]

HTV WALES As HTV West except: [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

YORKSHIRE [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

RADIO 4 [illegible]